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## NEWS SUMMARY

### GENERAL

## Day of IRA violence warning

Police chiefs in Northern Ireland have warned of the possibility of a day of IRA violence tomorrow to coincide with the funeral of Lord Mountbatten.

In Dublin the Irish Republic's Cabinet considered its approach to the London meeting between Premier Jack Lynch and Mrs. Margaret Thatcher.

In the border town of Newry, Humphrey Atkins, Secretary for Northern Ireland, confirmed that no fresh initiative on Ulster was feasible because of present outrages. Back Page

### 10 feared dead in jet crash

Ten people, five thought to be British, were feared dead when an aircraft on a flight from Coventry crashed into the sea while approaching Nice airport.

The Danish Sterling Airlines' Corvette had a fire in one of its two jet engines, police said. The aircraft was chartered by the Atlas-Copco group of Sweden.

### Ripper victim

The Yorkshire Ripper may have claimed his 12th victim. A young women's body was discovered near the centre of Bradford where the Ripper has killed twice before and left another woman badly injured.

### Mahabad taken

Iran claimed to have captured the Kurdish rebel capital of Mahabad. Combined units of regular troops and paramilitary revolutionary guards, backed by air strikes, took several other Kurdish centres. Back Page

### Times jobs threat

The National Graphical Association is prepared to start finding new jobs for its 600 Times Newspaper members unless they are reinstated next week. Back Page

### Drury freed

Kenneth Drury, former chief of Scotland Yard's Flying Squad, was released on parole from Ford Open Prison, Sussex, after serving two years and two months for his involvement with pornography dealers. He said he would continue his fight to prove his innocence.

### Post Office raid

Three hooded men with pickaxe handles rammed a mail van delivering cash to a post office in Bootle, Merseyside, and escaped with £76,644.

### EEC budget talks

French and British Foreign Ministers Jean François-Poncet and Lord Carrington had talks in London on the cut Britain is seeking in its contribution to the EEC budget. Its contribution of £800m this year is expected to rise to £1bn next year.

### Rugby tour

The four home Rugby Unions announced that next month's controversial multi-racial South African rugby tour will go ahead, despite Government opposition.

### Briefly . . .

Veteran actor Sir Felix Almer has died aged 90 in a Sussex nursing home. His career spanned more than 60 years.

Philip Hope-Wallace, music and drama critic, writer and broadcaster, died at Guildford, aged 67.

Imperial Tobacco is increasing the price of most cigarette brands by 3p for 20. Page 8

Businessman held up a London express for 15 minutes by sitting on the track at Exeter—because he could not find a first-class seat. Transport police removed him.

### BUSINESS

## Gold at record; Silver up sharply

● GOLD rose to a record close of $322¼, an increase of $6½ since Friday.

● SILVER bullion closed at 486.3p an ounce in London, up 20.85p.


● EQUITIES traded a little better than last week's low volume, the FT 30-Share Index closing 2.5 down at 463.0.

● GILTS showed resilience to adverse influences, and the Government Securities Index closed 0.30 down at 72.86.

● STERLING traded quietly, the pound closing at $2.2480, a fall of 45 points. Its trade-weighted index eased to 71.5 (71.8). Dollar's index rose to 84.8 (84.7).

● WALL STREET was closed because of Labor Day.

● BRITAIN'S state-owned oil and gas corporations may swap some of their holdings in North Sea fields. It could lead to rationalisation of their offshore interests and the raising of up to £400m for the Government. Back Page

● ENGINEERING should take precedence over science in Britain for the next few decades, said Lord Kearton, chairman of the British National Oil Corporation, at the annual meeting of the British Association for the Advancement of Science. Page 8

● VEBA, West German energy concern, is examining the possibility of making a bid for Belridge Oil Corporation of the U.S. through its subsidiary Deminex. Page 22

● CHINESE vice-premier Gu Mu has asked Japanese Prime Minister Masayoshi Ohira for loans to help finance Peking's industrial modernisation programme. Page 4

● INTASUN, the tour operator, has signed a £10m contract with Laker Airways for a two-year package tour programme from the UK based on Miami. Page 8

● GOVERNMENT secrecy and "unnecessary bureaucratic controls" are hampering progress toward safer medicines, Professor Arnold Beckett, of the Chelsea School of Pharmacy, told the international pharmacists conference in Brighton. Page 6

● FRENCH Government has taken a further step towards reforming the banking system by circumscribing the privileges enjoyed by Credit Mutuel, a network of mutualist banks dealing mainly with loans to families and local authorities. Page 23

● A GROUP of Japanese companies has won orders of more than $1bn (£456m) to construct water desalination and power generating plants on Saudi Arabia's Gulf coast. Page 4

### COMPANIES

● LINFOOD HOLDINGS, wholesale cash and carry and retail distributor, reports a rise of £1.85m in second half taxable profits, lifting the total for the year to April 28 by 46.5 per cent from £5.16m to £7.55m. Page 18 and Lex

### CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

| | | |
|---|---|---|
| Chinese 5pc 1925 Boxer | £14 | + 4 |
| Ault and Wiborg | 52 | + 3 |
| British Land | 75½ | + 4½ |
| Bulgin A | 27 | + 2 |
| Chamberlin and Hill | 56 | + 10 |
| Debenhams | 83 | + 3 |
| Grimshawe | 52 | + 10 |
| Gripperrods | 156 | + 12 |
| Lonrho | 76 | + 5 |
| Marshalls (Halifax) | 172 | + 5 |
| Mole (M.) | 22 | + 4 |
| Parker Timber | 202 | + 6 |
| Pittard | 44 | + 3 |
| RMC | 137 | + 5 |
| Redland | 152 | + 4 |
| Valor | [illegible] | [illegible] |
| Whitehouse (G.) | 200 | + 5 |
| Aran Energy | 162 | + 12 |
| Killinghall Rubber | 318 | + 18 |
| Angold | £22 | + 1 |
| Cons. Gold Fields | 242 | + 9 |
| De Beers Dfd. | 394 | + 12 |
| Kloof Gold | 589 | + 44 |
| RTZ | 315 | + 6 |
| Ventersport | 382 | + 15 |
| West Driefontein | £25¼ | + 1 |
| Western Mining | 176 | + 6 |

FALLS

| | | |
|---|---|---|
| Treas. 7¾pc 12-15 | £67⅞ | − ⅝ |
| Beattie (J.) A | 138 | − 10 |
| Beecham | 138 | − 4 |
| Bowater | 161 | − 4 |
| Dowty | 309 | − 5 |
| Fogarty (E.) | 354 | − 6 |
| Mills and Allen | 275 | − 10 |
| Newman Industries | 65 | − 8 |
| Stylo Shoes | 230 | − 8 |

## BL revolt fails ● Union mood hardens on opposition

# Wide support for first two-day engineering strike

BY ALAN PIKE, LABOUR CORRESPONDENT

**Engineering union leaders yesterday won widespread support from their members for the first of a series of two-day strikes over the industry's national pay claim.**

Although BL's Cowley assembly plant and the Abingdon sports car factory were among those working normally, a threatened large-scale revolt against the strike call at the company's Longbridge, Birmingham, plant failed to materialise.

The Engineering Employers' Federation claimed last night that 250,000 workers had defied the strike instruction and reported for work—far more than in last month's three one-day strikes. Mr. Anthony Frodsham, federation director-general, called on the unions to test the real support of their members with a ballot.

### Determination

The 250,000 estimate was rejected by union leaders. Mr. Alex Ferry, general secretary of the Confederation of Shipbuilding and Engineering Unions, said reports reaching him indicated very strong support indeed, and he believed that up to 2m engineering workers had responded to the strike call.

"Our determination in this dispute is stronger than ever. Even if I accepted the employers' 250,000 estimate—which I do not—the vast majority of engineering workers are on strige, in spite of all the pressure against the action which the employers have applied."

Mr. Terry Duffy, president of the Amalgamated Union of Engineering 22 in the federation, had conceded the union claim in full, and the employers should look for splits on their own side.

### Defection

The management board of the employers' federation will meet in London to-morrow. The confederation executive meets to review the position in Blackpool on Thursday. This week's first two-day strike was a crucial test of support for the action, so far as union leaders were concerned. In spite of the defections, the strength of support for yesterday's strike will encourage them to kep the pressure on.

The weekly two-day strikes are intended to continue indefinitely, but other forms of action may also be discussed by union leaders when they meet later this week.

### Eventually

The unions are demanding an £80 per week national minimum craft rate and other improvements, including a one-hour reduction in the working week this year, leading eventually to a 35-hour week. There is equal determination on the employers' and union sides to fight very hard on the shorter working-week isue, with the employers' federation insisting that any reduction is out of the question in the present state of the industry.

● Confederation of Shipbuilding and Engineering Unions delegates from the shipbuilding industry meet in Blackpool today and may call off sanctions against British Shipbuilders' rationalisation proposals, following a compromise agreement likely to improve job prospects in some areas.

# TUC 'will resist curbs'

BY CHRISTIAN TYLER, LABOUR EDITOR


MINISTERS WERE warned yesterday that legal curbs on picketing and the closed shop would be resisted with industrial action, could lead once again to disobedience of the courts and would harden the wage bargaining climate.

Yet despite the gravity of these warnings issued from the rostrum at the Trades Union Congress in Blackpool, the debate was short and the mood of the delegates almost apathetic.

Government observers in the hall interpreted this as a sign that the rank and file were not in the mood for a fight against what their leaders described as a fundamental attack on trade union freedom.

Some were disappointed that the Congress had not more clearly expressed the industrial relations objections to trade union reforms to give ministers an idea how far to legislate in the autumn.

Even within the Government and in employers' organisations there is nervousness about the effects of the picketing proposals.

But if the mood of the delegates was unclear on that issue it appears to be hardening on the scope of the campaign to be conducted against present economic policies.

The Amalgamated Union of Engineering Workers delegation, second largest at the Congress, has unexpectedly voted to support a move for mass demonstrations to be included in the TUC general council's motion setting out an alternative economic strategy for debate tomorrow.

Mr. Terry Duff,, right wing president of the AUEW, was outvoted by his engineering section delegates 18 to 14. This could influence the 84 transport workers delegates who have yet to decide how to vote.

Other unions like the construction workers and the Civil and Public Services Association will be supporting th hard line amendment from the furniture workers.

Yesterday's unanimous endorsement of a campaign against industrial relations legislation has not meant that the talks between the TUC and Mr. James Prior, Employment Secretary, are to be broken off.

Mr. Harry Urwin, speaking for the general council, said the TUC wanted to look at the reworked papers that Mr. Prior will be putting to the unions after Congress. Talks would continue while there was a chance of diverting and deflecting the Government, he said.

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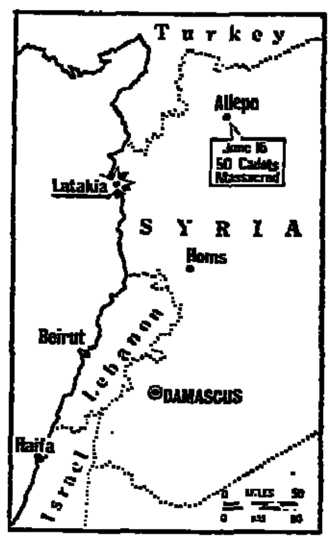


# Syria sends in troops

BY OUR FOREIGN STAFF

THE SYRIAN Government has sent 1,400 paratroopers to the northern port of Lattakia in an effort to suppress a wave of sectarian violence.

The rioting, in which groups of Moslem demonstrators attacked government installations and put up barricades in the streets, poses a serious challenge to the authority of President Hafez Assad's regime.

President Assad's influential brother, Col. Rifaat Assad, who commands the regime's special forces—effectively the Government's praetorian guard—is believed to have gone to Latakia. The President is in Havana for the non-aligned summit.

Five people have been killed, according to diplomats. The town has been placed under curfew and sealed off to outside traffic.

The core of the trouble appears to have been a revolt by members of Syria's minority Alawite Moslem sect following the murder last week of in Lattakia of one of their religious leaders.

The troops were sent in on Saturday to reinforce police units after demonstrating Alawites disobeyed a curfew order and threatened members of the majority Sunni Moslem sect.

Although a minority sect the Alawites have gained significant prominence in key posts in the Syrian power structure since President Assad—himself an Alawite—took power in 1970.

But recently their success has been deeply resented by the rival Sunni sect and in the last three years more than 20 prominent Alawites have been assassinated. Last June 50 Alawite military cadets were massacred at barracks in the northern town of Aleppo.

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# Big rise in City balance of payments contribution

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE City of London's contribution to the balance of payments increased sharply last year, chiefly as a result of a big expansion in the overseas business of the banking and insurance industries.

The total net overseas ernings of the financial institutions of the City rose by £517m to a record £2.31bn. This was nearly 29 per cent up on the 1977 figures and more than three times the level of the early 1970s.

Within the City the biggest improvement came from banking, where net earnings doubled to £652m, mainly because of higher profits on Euromarket and foreign currency operations. Insurance income also continued to rise. There was a partial recovery in the income of commodity traders after the previous year's problems.

This is shown by the Central Statistical Office's Pink Bokk on the balance of payments published yesterday. It provides details of both current and capital accounts for the last 11 years.

Officials have now revised upwards the size of Britain's current account surplus last year to £1.03bn compared with the previous estimate of £443m.

The revision arises entirely on the invisible account, with the result that the surplus there last year is now estimated to have risen by £170m to £2.21bn, rather tha fallen as previously shown.

This increase was the result of a combination of greater City, civil aviation and consultancy earnings offset by higher tourist payments abroad, a bigger shipping deficit and increased UK contributions to the EEC.

The UK's deficit on visible trade with the rest of the EEC last year rose from £1.73bn to £2.25bn.

The Committee on Invisible Exports has taken a cautious view about the prospects for this year, predicting a 5 to 6 per cent rise this in the net invisible earnings of service industries. This reflects the slow growth of world trade, and UK service industries are expected to hold or increase their share of their markets.

The most optimistic view has been taken by consulting engineers, insurance brokers, the travel and civil aviation industries and banks.

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# Civil servants threat to key defence bases

BY PHILIP BASSETT, LABOUR STAFF

RAF OPERATIONS, Government dockyards and prison services are likely to be seriously disrupted next week after leaders of 166,000 industrial civil servants yesterday instructed workers at key defence and other establishments to strike from Monday over the staging of a 22 to 30 per cent pay offer.

The 12 unions representing the Government's blue collar workers also instructed all their grades to begin other industrial action, including overtime bans and working to rule, from the same day.

Workers called out will include:

● RAF and Army airfield refuelling staff.

Union officials expect this action to have an early effect on RAF work, and are prepared to call on tanker drivers to block the supply of fuel to RAF bases such as Valley in Anglesey, Boscombe in Dorset and Marham in Lincolnshire if necessary. Fitters working on Phantom strike aircraft at RAF St. Athan in South Wales will also be called out.

● Crane drivers and lockgate staff at four big dockyards, Devonport, Devon, Chatham, Kent, Portsmouth, Hants, and Rosyth, Fife.

The action is likely to have a severe effect on the yards' operations, and strikes by emergency lighting crews at Devonport and Portsmouth will further affect repair work.

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# Burton buys Dorothy Perkins

BY RHYS DAVID, TEXTILES CORRESPONDENT

THE BURTON Group, already one of the main UK clothing retailers, is taking over the Dorothy Perkins womenswear chain from British Land in a complex deal worth around £20m.

The deal, announced yesterday, will give Burton a further 240 shops, to add to the 150 womens wear shops it already operates under the Top Shops, Evans, and Peter Robinson names. It also follows very closely on the sale last month by Tootal of its Van Allan chain of shops to UDS in a deal worth.

The Dorothy Perkins' shops are being bought for a cash paymentof £4.6m, with a further £10.5m coming from the transfer to British Land of 74 Burton Group investment properties. British Land also retains £3.3m from Dorothy Perkins in dividends for the current year, and Burton will assume responsibility for an outstanding debt of some £2.5m.

Both groups yesterday described the deal as offering considerable benefits. In Burton's case, the acquisition ties in with its policy of increasing its share of the UK womenswear market—estimated to be worth around £2.5bn a year. Burton will now have only slightly more men's shops than women's shops.

Burton is also disposing of several unwanted properties, enabling it to concentrate on retailing and manufacturing. The properties are mostly former shop sites now leased to other retailers, but they include some retail investments built up over the years, and two office blocks—a 13-storey unlet block in Walsall and a partly-let six-storey block in Hull.

The deal end British Land's involvement in retailing, though it retains some small manufacturing interests. The group said yesterday that the transaction had enabled it to acquire important new long-term property assets. The properties had been acquired at book value as at August, 1977, since when, it lieves, there has been a substantial increase in values.

The deal also provides British Land with a cash sum which will enable it to make a further reduction in its indebtedness. A pro-forma, attached to the company's accounts for the year to the end of March, put the debt burden at £92m.

The Dorothy Perkins' group employs around 3,000 people, and Burton said yesterday it would be seeking to preserve employment following the acquisition.

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INDUSTRIALISTS WARN ABOUT LOSS OF PERSONNEL AND EXPERTISE

# Threat to German nuclear industry

BY JONATHAN CARR IN BONN

A SERIOUS warning has been issued that West Germany's nuclear industry is on the verge of losing the key personnel and expertise essential to its survival.

The warning came here yesterday from a group of leading industrialists in the power station construction, electricity and heavy engineering sectors. All are deeply worried by the strong opposition to domestic nuclear power development.

Herr Manfred Lennings, chairman of the large Gutehoffnungshuette (GHH) engineering group, said the nuclear industry faced a new situation. It was characterised not simply by lack of orders but by an inability much longer to hold on to trained staff.

The concern's subsidiary, GHH-Sterkrade, had had no domestic orders for major nuclear components since 1975 and none from abroad since 1977. The jobs of about 1,000 people were threatened in the company's Oberhausen works alone because of this. These were highly qualified personel whose full training period could take as long as 10 years.

Herr Klaus Barthelt, chairman of the power station building concern Kraftwerk Union, noted that his company was already seeing a reduction in trained personnel. He warned that the situation was even more serious for smaller companies.

About 700 concerns were involved in the construction of a German nuclear power station. More than 70 per cent of these employ less than 200 workers, he said, but the ythave a high level of expertise.

Herr Barthelt also stressed that so long as the West German industry could not build at home, it would progressively lose its position overseas. Competitors were already drawing potential customers' attention to the standstill in West Germany as an argument for not "buying German."

Herr Franz Joseph Spalthoff, of the big utility Rheinisch-Westfaelisches Elektrizitaetswerk, said West Germany would soon be 10 years behind France in development of fast breeder reactors. West Germany still participated in development of these reactors through co-operation accords, but in the long term such agreements could not continue if one partner was left far behind by the other.

The Government has reacted promptly to the concerns expressed by the industrialists, stressing that it had long made clear its support for the continued development of nuclear power.

This is true, although ministers have to struggle with strong anti-nuclear factions in both coalition parties. Further, the Laender (provincial) Governments do not always share the federal Government's views on nuclear policy. Power station construction is also subject to considerable delay through actions by environmentalists and others in the courts.

# Moscow changes pricing system

By Our Foreign Staff

RUSSIA is to introduce a new system of wholesale prices designed to reduce waste and to inject more realism into the economy. The changes are the first to be announced under economic reforms decreed by the Communist Party and Government at the end of July.

Many prices will rise to reflect the real costs of production. But the reforms will not, at least at first, have any effect on retail prices. Coal, oil and natural gas will become more expensive, both to allow for world changes in fuel prices and the added costs of extracting them.

Mineral fertilisers, pesticides and new types of plastics will carry higher wholesale prices, but synthetic resins and fibres and some kinds of reagents will go down in price, according to the newspaper, Socialist Industry.

The idea behind the changes is to mirror real costs more accurately, including research, mining, technology, environmental safeguards, better working conditions and improved quality. Some of the added costs will go into bigger *sinking funds for the renewal of equipment*.

The Soviet Government has been losing money on coal, timber, heating and other items, either because prices were set years ago or were kept down for political reasons. As a result buyers are wasteful and factories have ignored cost-reduction drives. A few prices have been too high and will be reduced to take account of better machinery or higher productivity.

The Government also hopes to stimulate innovation and the output of high quality goods. New incentives will try to combat the inertia that makes it safer and more profitable to turn out ever larger numbers of the same kind of goods.

No date has been set for the introduction of the new prices and it is clear that the authorities are still struggling to shape most of their measures. Professor Dmitri Valovoi, the economist, who wrote in Pravda on economic shortcomings two years ago said in yesterday's issue that the failings remain but revising indices for industry is complicated.

# Basques and police clash in strike-hit Guipuzcoa

BY ROBERT GRAHAM IN MADRID

THE BASQUE province of Guipuzcoa was paralysed by a 24-hour general strike yesterday. The stoppage was called by Radical Nationalists to protest at the death of an 18-year-old youth, allegedly shot in the back by a policeman during a demonstration on Saturday.

In San Sebastian, the capital of Guipuzcoa Province, only foods shops were open early for a brief period. Throughout the day there were intermittent clashes between police and groups of youths, who burned cars and buses. Police used rubber bullets, clubs and smoke grenades.

The local radio played only music and no newspapers were printed. In the neighbouring province of Vizcaya, factory workers around Bilbao also observed the strike. In Bilbao there were also several violent incidents involving police and demonstrators.

The atmosphere in San Sebastian was reported tense. The mayor asked the civil governor to ensure that the police stayed away from the funeral of the shot youth, yesterday.

The shooting incident remained obscure yesterday. It occurred during a demonstration against French measures to expel Spanish Basques. The demonstration was banned by the civil governor but went ahead, sponsored by militant Nationalist and Leftist Basque groupings, headed by local councillors.

There has been on official confrontation that a policeman was responsible for the shooting. But the State-controlled news agency, EFE, reported that an unnamed policeman had been arrested on Sunday.

This is the first time that a police arrest has followed so quickly after the death of a demonstrator.

Although yesterday's strike was not only supported by the moderate Basque Nationalist Party, PNV, there appeared to be a good deal of sympathy.

Sr. Carlos Garaicoetxea, leader of the PNV, criticised the authorities, saying that whenever there was violence in Spain "those in power" were largely to blame.

The fate of Spanish Basques sympathetic to ETA being forced out of France adds fuel to the possible tension ahead of the forthcoming referendum on the Basque autonomy statute.

# Italy ruling party in key meeting

By Paul Betts in Rome

THE NATIONAL Council of the Italian Christian Democrat party meets today for an important three-day session to decide a date for the national congress of the party later this year.

The congress is likely to be crucial for the ruling party whose leadership is under increasing attack from factions disappointed by poor general election results.

The national council meeting is expected to give the first clue to the political course the congress will take. Several groups favour a return to a centre-left coalition with the Socialists, while part leaders seem inclined to reopen a dialogue with the Communists.

Sig. Enrico Berlinguer, the Communist secretary in recent weeks has indicated his willingness to resume this dialogue.

Christian Democrat leaders are under pressure from two powerful sources in the party: from Sig. Arnaldo Forlani, the former Foreign Minister, and Sig. Amintore Fanfani, the veteran senator. Both are challenging the position of Sig. Benigno Zaccagnini, the secretary-general.

Meanwhile, the new cabinet meets today for the first time faced with accelerating inflation and the risk of serious shortages in energy. At the same time, the wave of kidnappings in Sardinia has again brought law and order problems to the

# Swedes pioneer bank system

BY WILLIAM DULLFORCE, NORDIC EDITOR, IN STOCKHOLM

ONE OF Sweden's two leading private commercial banks, Svenska Handelsbanken, is pioneering a new deposit system, replacing all current and savings accounts by one general account. It is believed to be first in the world with the concept which depends on a sophisticated computer operation.

The general account will simplify banking for customers and increase the average return on savings by 0.75 per cent, the bank claims.

Interest payable will be adjusted automatically to the length of time sums are retained in the account. The customer will no longer need to decide how much to keep in his current and savings accounts.

Svenska currently operates 16 different deposit accounts. It expects that the cost savings through rationalisation to a single general account for each customer will be enough to enable it to pay a higher average interest rate.

A sum of less than Skr 15,000 (£1,590) kept in the general account for six months would earn interest at an annual rate of 7.3 per cent against 6.75 per cent on the present six-month withdrawal account.

The maximum interest payable on sums of less than Skr 15,000 will be 7.7 per cent while sums above that figure would earn a maximum of 8.25 per cent. These rates compare with the present Swedish discount rate of 7 per cent.

Svenska has been planning the new system for months. Last week, after news of the plan had leaked, PKBanken, the State commercial bank, raised its deposit rates by 0.75 per cent, exactly the improvement Svenska anticipated its new account would provide for customers.

# French Socialist bid to end split

BY DAVID WHITE IN PARIS

FRENCH SOCIALIST representatives began a two-day meeting yesterday to try to reconcile the party's different factions in a draft "project" destined to form the basis of its future electoral platform.

The text the party agrees will be crucial to the kind of campaign the Socialists' candidate can be expected to fight i nthe next Presidentia election in spring, 1981.

An initial document was presented at a meeting two weeks ago by M. Jean-Pierre Chevenement, leader of the party's left-wing faction, which joined forces with M. François Mitterrand at the last party congress in April to form a new majority.

A special committee headed by M. Mitterrand and M. Chevenement, but also representing the party's internal opposition, is seeking to glue together the splits that emerged at the Metz congress.

The divisions concerned the party's attitude to the Communists, European integration and the role of State ownership in the economy.

An agreed text is due to be put to the party's management committee at the end of this month and to a national convention in December.

M. Georges Marchais, the Communist party leader, has poured more cold water on a Socialist proposal to resuscitate the *Union of the Left*.

The Communists have accepted a proposal for a meeting to discuss joint action. But M. Marchais said he considered this of secondary importance.

Both parties have emphasised the need for a "rank-and-file union" between party militants as a precursor to any future alliance at leadership level.

Attempts to rally different political interests around labour issues got off to a dubious start this week, with the Communist-led CGT union holding a series of protest meetings, unsupported by other unions.

# Dutch plan to cut public spending

BY OUR AMSTERDAM CORRESPONDENT

MR. DRIES VAN AGT, the Dutch Prime Minister, has announced the principles of his Government's Budget to be presented on September 18. He said public spending would be cut across the board, but there would be no decrease in the purchasing power of low income earners, and there would be no increase in social security contributions.

Sacrifices would have to be made by anyone earnings more than the national average wage, Mr. Van Agt warned, but those earning less could look forward to a slight increase.

The public spending cuts would not affect Holland's crash programme to catch up on its large housing backlog. Around 106,000 houses would be built during 1980. It would not be necessary to borrow on the capital market to finance this programme, he added.

Increases in welfare payment were urgently needed, he said, but these could be met from existing income in 1980.

The Government would continue with its programme to cut the balance of payments deficit, he said.

● Negotiations to end Rotterdam's unofficial dock strike went on throughout the weekend and yesterday, but no settlement was in sight.

The 10-day-old action by some 7,000 Rotterdam dock workers is based on three major claims: consolidation of allowances in the basic rate to give a 30 guilder (£12) increase in weekly take-home pay; voluntary early retirement at 60; and paid annual leave of 25 working days, rather than the 22 already agreed.

These claims have been opposed by the transport section of the dominant FNV union federation because which claims the port cannot afford them.

# Nuclear warning for NATO

BY GILES MERRITT IN BRUSSELS

DR. HENRY KISSINGER, the former U.S. Secretary of State yesterday reinforced his warnings to defence specialists at a Brussels conference on the future of the North Atlantic Treaty Organisation concerning the need for a radical change in nuclear weapons strategy.

During the three-day conference Dr. Kissinger has stirred up a controversy by casting doubt on the reliability of long-standing U.S. nuclear guarantees to the NATO allies. Yesterday he concentrated on emphasising the dangers of the Soviet bloc's approaching nuclear supremacy.

He warned that within five years the military imbalance in favour of the Warsaw Pact forces would have grown so much that in nuclear terms NATO would be at a three-to-one disadvantage, while in conventional forces that figure would be four-to-one.

Dr. Kissinger, co-chairman of the conference with M. Henri Simonet, Belgium's *Foreign Minister*, has used the even to urge a significant change in nuclear defence policies, arguing that the targeting of U.S. missiles on Soviet civilian targets *in fact limited deterrence*.

Instead he has been urging the need for a U.S. "counter force capability, in which targeting of military installations would match Soviet targeting.

Dr. Kissinger was at pains, however, to qualify the remarks he made at the start of the conference on U.S. nuclear guarantees to NATO.

He said that in response to *demands for additional reassurances of an undiminished American military commitment* he had himself "uttered the magic words." His successors had also given the same

# West German-Polish relations still tense after ten years of Ostpolitik

BY ROGER BOYES, RECENTLY IN WARSAW

Chancellor Helmut Schmidt . . . sail-boat diplomacy.

THERE WERE choppy waters along the Polish headland as Chancellor Helmut Schmidt of West Germany dropped anchor for talks with Mr. Edward Gierek, the Polish party chief.

Two-masted sailing boats are clearly not the most comfortable way of pursuing Ostpolitik — Bonn's policy towards Eastern Europe—but the trip, which was two weeks ago, did at least cut through the protocol normally associated with East-West summits.

*Mr. Gierek was due to visit* Germany, but could be forgiven for feeling a little apprehensive about setting out for Bonn again.

In 1976, he returned from a highly successful visit to West Germany and promptly raised a range of consumer prices. This sparked riots which posed a serious challenge to his leadership.

These unpleasant memories were reinforced by the similar experience of his predecessors, Mr. Wladyslaw Gomulka, who tried to raise prices shortly after the visit to Warsaw in 1970 of Herr Willy Brandt, the former German Chancellor. The ensuing riots led to Mr. Gomulka's overthrow.

Mr. Gierek, a former member of the French and Belgian Communist Parties, is not a superstitious man. But he knows now that dramatic "breakthroughs" in foreign policy—especially in relation to Bonn—are scant compensation for workers who harbour economic grudges.

*The informality of the meeting* served the purposes of both Mr. Gierek and Herr Schmidt. But it could not disguise the fact that 40 years after the German invasion of Poland, and 10 years after the launch of the Social Democrats' Ostpolitik, relations between Warsaw and Bonn are still under strain.

This is despite the formal "normalisation" of relations in 1970 and the apparently close personal links between Herr Schmidt and Mr. Gierek.

It is not so much a matter of outstanding issues. Bilateral agreements have allowed for the repatriation of 125,000 ethnic Germans living in Poland. A clause to this effect runs out in a few months, but it looks certain that the Polish authorities will honour the full quota for the repayment of DM 1.3bn (£300m) in wartime Polish pensions and for provision to Poland of cheap credit.

The problem is rather one of restoring confidence fractured by war and centuries of distrust. Fresh in the memories of a generation of Poles is the German invasion in 1939 which led to World War II and also opened up a period of bitter occupation, with Nazi concentration camps on Polish soil.

Ostpolitik, blending political gesture with economic substance, was supposed to go a long way towards soothing these wounds. But the restoration of trust is a lengthy process needing a fully-fledged commitment from Bonn.

This commitment, Polish officials believe, has been steadily eroded by a series of incidents—often provoked by the German political opposition—and inaction on issues which Warsaw considers of prime importance.

Why, ask Polish academics and officials, is the opposition apparently reviving German claims to the 1937 national boundaries (which embrace territory now part of Poland)? The State of Bavaria, whose Prime Minister Herr Franz Josef Strauss is official opposition candidate for the Bonn Chancellery in next year's general elections, recently led the attack on the wording of a tax Bill, which specified that revenue should be collected from West Germany and West Berlin.

Normally, West German laws are more vaguely phrased on territorial jurisdiction, thus leaving open the possibility of a future German reunification. Was the Government backtrack on reunification, the opposition asked? That is the sort of question that worries the Polish authorities.

Warsaw is concerned that the Christian Democrat (CDU) opposition could broaden the definition of what constitutes an "ethnic German" in Poland.

Some CDU politicians believe that up to 1m German-Poles should be allowed to leave, on the basis that anyone who had a German passport in 1937 should have the right to emigrate to Germany.

The Poles dispute this. While they are prepared to allow a proportion of ethnic Germans to leave in addition to the 125,000 already guaranteed, they are worried that if a CDU Government comes to power in Germany next year, pressure will mound for a mass exodus. This would seriously depopulate some parts of Western Poland.

All this is exacerbated by the dropping of the prosecution case against some former guards at Majdanek Concentration Camp for lack of evidence.

Poland believes Bonn has been soft on ex-Nazis, and even the recent Bundestag vote which allows for the continued prosecution of war criminals has done little to appease the Polish authorities. More lawyers, Warsaw argues, should be engaged by the War Crimes Documentation Centre at Ludwigsburg, so that cases can be brought to trial more rapidly.

The main way of guaranteeing continuity in bilateral relations, it is felt, will be the forging of economic links, and the Poles areanxious to start joint ventures in third markets with the West Germans.

Bonn is Poland's largest Western trading partner and officials from both sides believe considerable scope exists for energy co-operation. However, even here there are problems.

A long-projected DM 2.5bn (£600m) coal gasification scheme between the two sides in southern Poland is now under review although the West Germans still retain high hopes for it. But it seems that if there is to be a Polish coal-for-German-investment deal, or a coal-for-technology programme, it will have to be carried out within the strict confines of Poland's £7.5bn debt with the West.

These financial constraints—combined with the influence of the Soviet Union and East Germany—are as likely to determine Polish policy towards Bonn as the political hue of the next German Government.

Both East Germany and the Soviet Union were initially hostile to Bonn's overtures to Poland in the 1960s. Partly as a result of German prodding, Moscow reacted by helping to create the "Northern Triangle" to ensure that Poland and Czechoslovakia did not follow in the footsteps of Romania which recognised Bonn in 1967.

But after the Russians invaded Czechoslovakia in 1968, it became clear to Bonn that any approach to Poland would first have to be cleared with the Soviet Union.

On this understanding, Moscow seems to want to encourage Poland's links with Bonn—if only to help reduce the country's growing financial troubles. The central premise has been that ties between Warsaw and Moscow are not weakened by links with Bonn.

There does not seem much risk of that, both because of the long-standing lack of trust towards *Germany and because* of Mr. Gierek's pro-Soviet attitudes.



# Schmidt starts trip to Hungary today

BY JONATHAN CARR IN BONN

THE WEST GERMAN Chancellor, Herr Helmut Schmidt, today begins a trip to Hungary—continuing a series of *Ostpolitik* journeys whose most notable omission so far has been a visit to East Germany.

Herr Schmidt has been less generally identified with policy towards the East than was his predecessor, Herr Willy Brandt, but he has already been to Rumania, Bulgaria, Poland and the Soviet Union—the last three in this year alone.

His latest visit is, in fact, the first to Hungary by a West German head of Government. Economic questions will play a part in his talks with Mr. Janos Kadar, the Hungarian leader, but it is clear that wider matters will be scrutinised, oo—including prospects for further East-West détente.

On the economic side, German-Hungarian links are described in Bonn as exemplary and more than 300 co-operation agreements have been signed between Hungarian and German companies.

On the other hand, despite a reduction in its large trade deficit with the Federal Republic in the first half of this year, Hungary is expected to press for West German help in gaining greater access for its products to the EEC countries.

The talks on détente will be held very much under the influence of the impending depate in the U.S. Congress on ratification of the SALT II accord between Washington and Moscow. Herr Schmidt has made clear that a failure by the Americans to ratify the pact could bring a return to the Cold War.

This is also believed to be one reason why Herr Schmidt has not so far yielded to pressure—notably from within his own party—for a meeting with Herr Erich Honecker, the East German leader.

Given the special problems between the two German States, it is felt that such a meeting would be premature, so long as the outcome of the SALT ratification is in doubt.

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# Libya urges harder line at Tripoli 'mini summit'

BY SUSAN MORGAN IN TRIPOLI

LIBYA HAS begun an initiative to persuade other Arab states to rally roun dit, and take a harder line against Israel. The Libyans are trying to fill the leadership void left in the Arab world by Egypt's peace treaty with Israel.

Col. Muammar Gadafy, the Libyan leader, has scored a major diplomatic coup by persuading presidents and princes from eight Arab nations, including conservative Gulf states, to attend his two-day celebrations commemorating the 10th anniversary of the overthrow of King Idris.

Their presence emphasising the extent of Arab dissatisfaction with Egypt. Such radical leaders as President Chadli Benjadid of Algeria, President Hafez Assad of Syria, and President Abdul Fattah Ismail of South Yemen were joined by such conservative leaders as Sheikh Zayed of the United Arab Emirates and King Hussein of Jordan, as well as by princes from Saudi Arabia and sheikhs from Bahrain and Kuwait.

Col. Gaddafy has in effect succeeded in turnin ghis celebrations into an Arab mini summit dedicated to a new, pragmatic approach to the perennial and constantly thwarted goal of Arab unity.

In a speech in Benghazi on Saturday, he promised tolerance for Arab political diversity, but coupled this with a warning that it would not apply to any Arab country which started dealing with Israel.

In the largest military display in Libya since World War II, Col. Gaddafy underscored his arguments against Israel by demonstrating to the Arab leaders that Libya possessed the necessary equipment, if not the manpower, for a new war against Israel.

In a parade lasting four hours, Libya showed off its T-62 tanks, MiG-25 jets, amphibious tanks, rocket launchers, ground-to-ground missiles and ground-to-air missiles. Col. Gaddafy said Libya was the only Arab country which possessed some modern equipment, such as the missiles.

# Eglin hands over PFP reins

BY BERNARD SIMON IN JOHANNESBURG

SOUTH AFRICA'S opposition Progressive Federal Party yesterday chose Dr. Frederick van Zyl Slabbert, a 39-qear-old Afrikaans-speaking MP, as its new leader.

As the PFP is the largest opposition group in Parliament, Dr. Slabbert also becomes Leader of the Opposition.

He succeeds Mr. Colin Eglin, who stepped down after allegations that he had not taken effective advantage of the Government's embarrassment over the Muldergate scandal. He was also blamed for failing to draw support for the party beyond its traditional base of affluent English-speaking suburbia.

At a special congress in Johanesburg yesterday Mr. Eglin was elected the party's national chairman.

Dr. Slabbert's immediate task is to strengthen the unitey of his party which has been weakened in recent months by personality clashes. There has also been a difference of opinion over whether the party should concentrate on increasing its support among white voters or on the more radical course of retaining credibility among the black population.

The party drew some support away from the Government in a by-election last week. Several more contests are due over the next few months and these will give an indication of white reaction to the change in leadership.

South Africa's economy, Page 17

# Pakistan nuclear pledge to India

BY K. K. SHARMA IN NEW DELHI

PAKISTAN has admitted to India that it is making a uranium enrichment plant for "light water reactors" but has denied that it is intended to make nuclear weapons.

This is believed to be the first time that Pakistan has made such an admission, and it was made when Mr. Agha Shahi, Pakistan's Foreign Minister, met Mr. S. N. Mishra, India's Minister for External Affairs, in Havana, where the non-aligned summit is being held.

Mr. Shahi sought the meeting to clarify Pakistan's position in the light of a speech last month by Mr. Charan Singh, the Indian Prime Minister, that India would be forced to make nuclear weapons if Pakistan persisted in its plans to manufacture an atomic bomb.

Mr. Shahi assured Mr. Mishra that Pakistan had no intention of making an atomic bomb because this was too expensive for the country's limited resources. He blamed the western media for raising doubts on the matter, claiming that reporters had merely put together odd bits of information about the purchase of certain equipment by Pakistan.

Mr. Mishra told Mr. Shahi that the Prime Minister's statement did not indicate any change in India's policy. Nuclear energy would be used only for peaceful purposes.

Mr. Shahi told Mr. Mishra that a uranium-based nuclear plant was easier to run and was less costly and less hazardous. Pakistan's present nuclear facilities are plutonium-based and cannot use enriched uranium. Doubts therefore persist in New Delhi as to why Pakistan needs an enriched uranium plant.

## Mr. Abdus Salam

PROF. ABDUS SALAM, a nuclear physicist working with the Imperial College of Science and Technology in London and the International Atomic Energy Agency in Vienna, has asked us to point out that he is not and should not be confused with the Mr. Abdus Salam, director of SR International of London and major shareholder in Weargate of Swansea, referred to in the Financial Times of August 22.

Mr. Masayoshi Ohira

# Ohira loses support in latest poll

By Richard Hanson in Tokyo

AN OPIONION survey released yesterday indicates that Mr. Masayoshi Ohira, the Japanese Prime Minister, is losing some support but that his party, the Liberal Democrats, is at a high peak of public acceptance.

The survey was released as Mr. Ohira made a policy speech to the reconvened Diet in which he stressed the likelihood of greater tax burdens next year to lessen Government dependence on national bonds to finance its budget.

The speech broadly outlined Mr. Ohira's concerns as he prepares to dissolve the Diet in the next few days and call a General Election of the House of Representatives (Lower House), probably for October 7. He reiterated Japan's promises to reduce reliance on imported oil to about 50 per cent of energy needs in ten years from about 75 per cent at present.

Mr. Ohira appears to be losign some support among voters as he enters his ninth month of leadership, a pattern typical of recent Liberal Democrat prime ministers. According to a poll by Kyodo News Service taken late last month, 46.1 per cent of those polled said they did not support the Ohira Cabinet, against 44.8 per cent who supported him, an increase of 4.5 per cent in non-supporters since a similar survey in March.

His party, however, has gained in support to 48.7 per cent, the highest level in a Kyodo survey since the 49.6 per cent in support of the first Cabinet of the late Mr. Eisaku Sato shortly after taking office in 1964.

David Lennon reports from Tel Aviv on the U.S. Jewish lobby

# Support for Israel is eroded

"THE WHOLE idea of the Jewish lobby in America is overrated," a senior Israeli Government official said when questioned about the role of U.S. Jews in the resignation of Mr. Andrew Young, the U.S. Ambassador to the UN.

Mr. Young submitted his resignation last month following reports leaked by Israeli officials in Washington that he had held an unauthorised meeting with Mr. Zehdi Labib Terzi, the observer of the Palestine Liberation Organisation (PLO) at the UN.

"The only people who believe in the vast power of the Jewish lobby are the anti-semites and the Jews," claimed Mr. Zev Furst, director of the Israel Office of Bnai Brith's Anti-Defamation League.

Israel's official position on the Andrew Young issue is that it was an internal American affair. Privately officials add that Mr. Young was forced to resign because he was caught lying to his superiors, and that this has nothing to do with Israel or the Jewish lobby.

Despite this, many people in the U.S. are convinced that it was Israeli pressure backed by the power of the Jewish voting block which led the U.S. Administration to dump Mr. Young.

The Young affair appears to contradict the impression gained last year as a result of the Egyptian-Saudi-Israeli arms deal that the power of the Jewish lobby was weakening.

In May 1978 Congress approved the sale of aircraft to these three countries which was presented by President Carter as a single package.

Last-minute attempts by the pro-Israeli lobby to stop the sales to the Arab States failed. But this was as much because of the clever idea of presenting the sales as a package, as of the confusion within the lobby over Israel's stance on the issue.

Jerusalem had hesitated and presented conflicting attitudes until only four days before the Congressional vote. This left too little time for the Israeli lobby to gather sufficient votes to block the deal.

The 6m Jews in the U.S. are politically active. They are naturally sympathetic and support Israel and, until the past two years, they were swimming in a sympathetic sea.

According to Mr. Furst, "There has been a radical erosion of support for Israel in U.S. public opinion in recent years." In this atmosphere it becomes more difficult for Jews to win congressional support.

With American policy moving towards greater support for the Palestinians, in the view of Israeli officials, this creates a conflict between the American Jewish Community and the Administration, a conflict which the Jews resent and which is reflected in their low-level of support for President Carter, as shown by opinion polls.

But there is also a degree of conflict between some members of the U.S. Jewish community and some of the policies of the Israeli Government.

A prime example was the outspoken criticism by some prominent Jews of Israeli settlement policy on the occupied West Bank. In a way, the conflict among Jews on this and other issues parallels conflicts within Israel itself.

As the Government official put it: "Israel welcomes Jewish support, but does not control the Jews in America."

However, Mr. Furst is outspoken: "The Jewish comunity is questioning things it would never have questioned 10 years ago. The Jews are not a mouthpiece for the Israeli Government and should not have to defend every action of a specific Israeli Government."

He also points out that the interaction between Jewish communities and Israel is not a one-way street. Leaders of world Jewry are not yes-men. They frequently criticise Israeli policy when they meet Israeli leaders.

But few of them would make their disagreement public because this would aid and comfort any enemy who would be only too happy to publicise the criticism.

In one non-political field overseas Jews have consistently defied the Israeli Government. American Jewish aid organisations continue to help Soviet Jews who choose not to move to Israel. All appeals by Israel to the organisations to stop this aid so as to promote immigration to Israel has fallen on unreceptive ears. Jews must help Jews in distress, appears to be the over-riding motto.

However, there can be no doubt that Jews worldwide will stand behind Israel in its hour of need. Whenever Israel is attacked, Jewish self-sacrifice for Israel is unrestrained. There will always be a closing of arnks when the Jews believe Israel is in danger.

Because Israel believes that a Palestinian State dominated by the PLO is a mortal danger to the Jewish State, this view is shared by most Jews elsewhere and they will back Israel in its opposition to such a state.

But at the same time, the voices in Israel which say a dialogue with the PLO should be tried have an echo outside. The possibility of a widening of this camp does worry Israel.

The State of Israel and its achievements has been a source of great pride for the Jews. It has demonstrated that the Jews are the same as other people and has put the lie to anti-Semitism.

This gift to an oppressed people has been repaid with support, loyalty and devotion.

But the question does arise of what will happen if the policies of the State of Israel result in a worsening of the position of Jews abroad and if, as a result of Israeli policies, the Jews find themselves being threatened, attacked or discriminated against.

The first signs of how this could come about in the U.S. have already emerged in the wake of the Andrew Young affair. Black community leaders have been holding meetings with Mr. Terzi. But while avowing that their motivation is not anti-semitism, they see the need for the PLO to be involved in negotiations. Otherwise the blacks fear a cutback in Arab oil to bring pressure on the U.S. This would ultimately affect the U.S. economy, hitting, through unemployment and inflation, the black sectors first.

Israel makes its decisions first and foremost on the basis of what it believes is good for itself. It has often stood against the stream of public opinion and will continue to do so as long as it feels that it is right and that those who oppose its policies are mistaken.

Outside Jewish influence on Israel is limited. Jewish leaders are listened to, and their responses or criticisms on issues are noted as an indication of the trend of public opinion. It is this which may influence or even alter Israeli actions.

However, the basic Israeli feeling is that if a Jew chooses to live in the "fleshpots of the diaspora" rather than move to Israel, then he cannot dictate Israeli policy, and Israeli policy should not be dictated by its possible repercussions on diaspora Jewry.

# New oil clash on eve of Sadat-Begin talks

BY ROGER MATTHEWS IN CAIRO

THE CLASH between Egypt and Israel over future oil supplies and prices worsened yesterday and may now be forced higher on the agenda of the talks between President Anwar Sadat and Mr. Menahem Begin, the Israeli Prime Minister, that open today in Haifa.

Israel has already announced that it might delay the handover of the Alma oilfield—scheduled to take place in November as part of the phased Israeli withdrawal under the peace treaty — if Egypt does not agree to supply it with all the oil being produced from the field.

But Mr. Ahmed Ezzedin Hilal, Egypt's Minister of Petroleum, having so far failed to reach agreement with Mr. Yitzhak Modai, his Israeli counterpart, on quantities and price, has now stated that output from the Alma field will be cut by nearly half once it is handed back.

Mr. Hilal said Egypt would reduce output from "the current 38,000 barrels a day to 20,000 b/d." In talks with Mr. Modai last week Mr. Hilal is reported to have complained that the present level of output was far more than was technically sound.

Egypt has agreed in principle to supply oil but President Sadat has always insisted that Israel will be treated in exactly the same way as any other customer.

While Egypt has for the past three years been a net exporter of oil and may wish to husband its resources while awaiting fresh discoveries, Israel has been made acutely more vulnerable by the revolution in Iran, previously its main supplier.

Israel has also complained that Egypt, which in the past few months has been taking full advantage of the spot market, is demanding $7 more a barrel than Israel is willing to pay.

Threats by Israel to delay the handover of the oil fields are certain to anger Mr. Sadat, who enters today's talks determined to achieve progress in the most contentious issue separating the two sides—that of Palestinian autonomy and the future of East Jerusalem.

# AMERICAN NEWS

As Mr. Carter courts the trade unions, the future of organised labour looks increasingly irrelevant

## Public sniping, private bitterness

BY JOHN WYLES IN NEW YORK

EIGHT MONTHS ago the wags were saying that Mr. George Meany was planning his autobiography, and that it would be called "My First 100 Years."

But illness and incapacity subsequently kept the 85-year-old president of the American Federation of Labour-Congress of Industrial Organisations (AFL-CIO) away from his desk for nearly five months. So slow has been his recovery that his presence yesterday at a White House picnic to celebrate the 85th U.S. Labour Day was in doubt right up to the last moment.

Mr. Meany's evident mortality and President Jimmy Carter's White House Picnic for union leaders make Labour Day 1979 very much a story of two presidents.

Mr. Carter's political ailments are so well documented and analysed that yesterday's courtship of union leaders hardly needs much explanation. Mr. Carter would obviously prefer to have labour for him than against him. But Mr. Meany's style, his age, and more recently his physical ailments, have to some extent diminished the potential value of that support.

If he decides against seeking a 14th presidential term at the AFL-CIO's biennial convention in November, he will bequeath to his successor a union movement with severely hardened arteries, lacking in the ability both to communicate a sense of its own relevance and to mobilise an increasingly apathetic American people behind modest goals and objectives.

But Mr. Lane Kirkland, the AFL-CIO's secretary-treasurer and Mr. Meany's heir apparent, opined last week that, assuming an adequate recovery from his illness, Mr. Meany would seek another term in November. If this is the case then the Meany AFL-CIO will continue with its tradition of endorsing a Democratic candidate only after the party's nominating convention.

It will also leave Mr. Meany free to continue the public sniping at Mr. Carter, which has bitterly upset the White House on many occasions over the past 12 months. He has called Mr. Carter the most conservative president since Herbert Hoover, cast doubt on his competence and lambasted a range of policies from the voluntary curbs on pay and prices to the sacrifices demanded from social welfare programmes on the altar of balanced budgetary.

Mr. George Meany . . . doubts Mr. Carter's policies.

Significantly, Mr. Meany's outspoken disenchantment with the President has prompted unusual dissent from some of his colleagues on the AFL-CIO's 35-man executive council. Few union leaders, apart from mavericks on the Left like Mr. William Winpisinger of the machinists' union, have ever had the gumption to stick their heads over the parapet and criticise the old man's leadership, but Mr. Meany's conduct has thrown Labour's post-war dilemma into relief.

In the 1930s the New Deal established the Democratic Party as the spiritual home of a then vigorous and assertive union movement, which had organised around 35 per cent of U.S. workers.

But affluence, education and a host of other social forces have fragmented the old Democratic coalition. The party is still the unions' preferred vehicle for government, but it is infinitely less responsive to labour's traditional demands for earnings and employment protection and more expansion of social welfare.

At the same time, the decline of party government, exemplified by the Republican's control of the White House for 14 of the 22 years between 1952 to 1976 while the Democrats reigned on Capitol Hill, has vastly complicated labour's operations as a political lobby.

Mr. Carter's election in 1976 was an apotheosis for labour. He captured the White House with precious little help from labour or any other traditional Democratic forces. His insurgency instead was based on a brilliant charge through the increasingly important primary election system. Mr. Carter came from an environment largely untouched by labour, and captured the White House as a critic of big-government bureaucratic Washington.

He appointed a Labour Secretary, Mr. Ray Marshall, who is and was approved by the unions, but gained less credit than he might have expected for this, and for his espousal of labour law reform legislation, which was sunk last year by a well-organised business lobby.

The symbolic benefits of pushing labour law reform were more than dissipated by his fiscal conservatism and his adoption of a pay and prices policy which labour claimed, with justice, bore down much more heavily on wage earners than business.

But Mr. Meany's attacks have opened too much of a fissure, in the opinion of some of his critics, who hold that the Democratic Party must be retained as the party of labour and that there would be more advantage to arguing policy inside President Carter's tent than impotently fuming outside.

There are signs that the Carter White House has been trying to exploit this difference over strategy which first emerged late last year in an attack on Mr. Meany by Mr. Glen Watts, president of the Communications Workers of America.

Regarded as a member of the AFL-CIO's liberal wing, which has long grumbled about Mr. Meany's leadership on foreign policy and social issues, Mr. Watts has since worked hard to defend the Administration in union councils and was one of the six union leaders who last month formed a Labour for Carter-Mondale Committee.

Union leaders backing the committee head some of the AFL-CIO's largest unions and although none of them is much craving for lukewarm about Mr. Carter, all are extremely anxious to breathe fresh life into the old relationship between labour and Democrats.

But labour is deeply divided as to whether the old links can been revived under Mr. Carter, and a minority of union leaders, led by Mr. Winpisinger, are devoting considerable time and money to an effort to draft Senator Edward Kennedy.

However, it is highly questionable whether backing the right horse in 1980 will halt the decline of American unionism, which now accounts for less than 25 per cent of the workforce. Many unions, from the car workers to the Teamsters, do an effective bread and butter job in organising and defending members' interests, but the as a whole faces an immense ask of regeneration.

Essentially it has to engage the interest and emotional support of minorities and the underprivileged, as well as of the better educated technologists who produce modern goods and services.

Mr. Meany's departure is sure to be followed by a much more vigorous public debate among the unions about their role. Their strategy and the proper basis of their appeal.

For if the American labour movement cannot establish itself as a more effective crusader for the social underdog, it is unlikely ever to raise itself above the status of a widely despised interest group which seems to many people to have had its day.

## Castro attacks 'U.S. sabotage'

HAVANA — President Fidel Castro of Cuba yesterday opened the sixth non-aligned summit conference here with an attack on the U.S., which he accused of trying to sabotage the movement.

"The Yankee imperialists and their old and new allies—and by this I mean the Chinese—did not want the conference to be held in Cuba," he told kings, presidents and prime ministers from 96 member nations and liberation organisations.

The U.S. had obtained a copy of a tough anti-western draft declaration, put forward by Cuba for the conference, the first to be held in Latin America before the meeting opened, and had made feverish diplomatic efforts to get it modified, he said.

"All efforts to sabotage the conference have proved futile," he said. "All efforts, the hectic diplomatic pressures and intrigues to prevent this conference from taking place, were in vain."

President Castro, who has been accused of wanting to move the non-aligned movemen closer to Moscow, paid tribute to the Soviet Union for the aid it had given to Cuba since the revolution 20 years ago.

President Castro also bitterly attacked Israel, Egypt and the U.S. for their Middle East policy, saying their attacks on the Palestinian people had been paralleled only by Nazism.

"The Camp David agreement is a flagrant betrayal of the Arab cause," he said. "It is a betrayal of all Arab peoples, including the Egyptians. . . True peace in the Middle East can never be built on such injustice."

Reuter

## 9% rise in air fares approved

By Our New York Staff

MANY U.S. airlines will be free to raise domestic fares by a further 9.5 per cent following a decision by the Civil Aeronautics Board. The move brings the price rises approved so far this year to compensate for rising fuel prices to 20.1 per cent.

The agency, which retained broad pricing controls while surrendering the detailed regulation of prices last year, separately decided that Pan American World Airways, a major transatlantic carrier, can increase its international fares by 10 per cent with effect from September 15. It refused permission for TWA to raise its international fares by a similar amount.

Pan Am has restructured its international fares to cut prices on some economy classes while adding a new business class, priced at 15 per cent above the economy fare.

The CAB's action on domestic fares raised the ceiling on allowable price increases but did not require airlines to put the increases into effect. Within the ceiling, the airlines can still set their prices competitively.

Some will not be able to put the full 9.5 per cent rise into effect because they have already exercised an option to take a 5 per cent increase pending the decisio non the bigger rise.

In the first half of the year, airline profits have been squeezed by the sharp rise in fuel costs associated with the pricing decisions of the Organisation of Petroleum Exporting Countries.

The price increases which have been permitted should allow the airlines to restore their profit margins unless there is a dramatic decline in travel as a result of the deteriorating economic situation.

## $400m postal surplus projected

BY STEWART FLEMING IN NEW YORK

THE U.S. Postal Service, which has been losing money consistently since 1945 and has become a symbol of the inefficiency of public ownership for Americans, is projecting a surplus of over $400m for its financial year.

The recovery is likely to be short-lived, however. The new Postmaster-General, Mr. William Bolger, who took control of the agency in the spring, is projecting a deficit of at least $475m in the next financial year.

One of the factors behind the recovery in the past year was an increase in postal rates—from 13 to 15 cents in the case of first-class letters—and the fact that the price rises did not result in the normal reduction in the volume of mail sent.

The increasing volume of mail may have been partly a reflection of the Post Officer's more sophisticated marketing efforts, in particular proposals to allow high-volume customers discounts if they pre-sort their mail. Companies with big mail advertising campaigns or large billing lists are targets for this programme.

This year's revenue surplus was earned even though the Post Office under estimated the rate of inflation and over estimated the lakely productivity improvement of its staff, which was only 1 per cent rather than the anticipated 3 per cent.

The U.S. Post Office has annual revenues of $18bn of which $1bn is a Federal Government subsidy.





## Hurricane loses strength

MIAMI—Hurricane David lost some of its punch yesterday as it travelled along the coast of Florida. Damage was light as it skirted the beaches from Miami to Palm Beach, oing north, but at least five deaths were blamed on the storm.

"We think it's going to parallel the coast and continue north and be a threat somewhere in the Carolinas in the next 48 hours," said Dr. Neil Frank, Director of the National Hurricane Centre.

AP

# WORLD TRADE NEWS

## China seeks aid from Japan to help finance industrial development

BY RICHARD C. HANSON IN TOKYO

CHINA IS sounding out Japan on the possibility of obtaining government-to-government yen loans from Japan's Government's Overseas Economic Co-operation Fund (OECF), which handles low interest concessional financing to developing countries.

According to the Foreign Ministry, Mr. Gu Mu, the Chinese Vice-Premier, who arrived on Saturday for a 13-day visit to discuss economic ties, made the request for the loans at a meeting yesterday with the Prime Minister, Mr. Masayoshi Ohira. The Chinese Vice-Premier did not apparently mention any specific amounts that his country would want for use in development projects.

China is reported to be seeking loans to finance eight development projects, three railway lines, three hydroelectric projects and two harbours, costing the equivalent of $5.5bn. The amount that Japan might be willing to lend is not clear, but Mr. Masumi Esaki, the Minister of International Trade and Industry, is reported to have asked that the number of projects be reduced.

During the meeting with Mr. Esaki, Vice-Premier Gu Mu mentioned the importance of future Chinese exports of coal to Japan and noted that rail and harbour projects would facilitate such exports. He added that all the projects were of high priority.

It is likely that Japan will come to some decision on how to approach the Chinese request for loans before Mr. Ohira makes his first official visit as Prime Minister to China. This trip could take place before the end of the year.

Mr. Ohira is reported to have stressed the need for other countries to join in extending aid to China on the scale that it requires. Japan will have to also consider the level and types of official aid it extends to other Asian developing countries to avoid the appearance of unduly favouring the Chinese.

If the two countries can agree on the low cost loans, it would represent another breakthrough for China which so far has signed agreements with Japan for an Export and Import Bank of Japan credit amounting to Y420bn ($2bn) for 10 years and a private bank syndication for a 4½ years $2bn loan.

The former will be used for resource development projects while the latter includes a mechanism for funding exports from Japan on a short-term basis converting the loans into long-term credits up to a limit of $2bn.

So far China has not received concessional aid from the West or Japan, with which its trade and ties have grown rapidly in the past year. The OECF lends at interest rates of 1.25 per cent to 4.25 per cent for periods of 20-30 years, depending on the country.

● China is reported to be negotiating with Western banking organisations about the use of credit cards in the people's republic, Reuter reports from Peking. Chinese interest in credit cards, primarily for tourists and businessmen, appears to have followed their acceptance early this year in stores operated by China in Hong Kong.

Reuter adds from Tokyo: The U.S. and Japanese Export and Import Banks and an Italian city bank, IMI (Instituto Mobiliare Italiano), have agreed in principle to jointly finance overseas sales of a new Boeing passenger jet being developed under a tripartite U.S.-Japan-Italy programme, according to a Japanese bank spokesman. The aircraft involved is the Boeing 767.

The spokesman said 89 per cent of the possible credit will be supplied by the U.S., 6 per cent by Japan and 5 per cent by Italy in accordance with the production share of the aircraft.

## $1bn Saudi desalination award

BY JAMES BUCHAN IN JEDDAH

A GROUP of Japanese companies has won more than $1bn in orders to construct water desalination and power generation plants on Saudi Arabia's gulf coast. The plants will eventually supply drinking water for Riyadh, the rapidly expanding inland capital.

The contracts, which were awarded by the Saudi Saline Water Conversion Corporation, call for the construction of 40 desalination units at the site of the planned industrial complex at Jubail. Total capacity will be 200m gallons a day. But, as has become standard Saudi practice with large orders, the work was spit up for bidding purposes into four lots of 10 units.

A consortium of Mitsubishi Heavy Industries, C. Itoh and Sasakura Engineering will build two lots. Hitachi Zosen, using technology licensed from Westinghouse Electric, and Ishikawaijima-Harima Heavy Industries (ICI) will each build a single lot. The value of each lot of 10 units is around SR 800m.

The units will be built side-by-side on a five mile area at Jubail.

In addition, Mitsubishi will construct a 550 MW power station to supply industries at the industrial complex. The station will cost SR 935m. The project, known as Jubail Two, will cover a five-mile area next to the site of Jubail One, where Sasakura is installing six units for completion in 1981.

On completion in mid-1983, Jubail Two will supply 135m gallons a day across 300 miles of desert to Riyadh, which is now heavily dependent on deep wells for its water supply. Present demand is 48m gallons a day, but this is expected to quadruple by 1985.

Contract for the dual 60-in concrete pipe to carry the Jubail Two water are expected later this year, with French, Italian and Japanese companies competing for the award.

● Pullman Kellogg has been awarded the preliminary design contract for a $250m ammonia-urea fertiliser complex to be located in Jubail from a joint venture of Saudi Basic Industries and Taiwan Fertiliser, Reuter reports from Houston.

## Record deficit for Denmark

By Hilary Barnes in Copenhagen

DENMARK SUFFERED a record trade deficit of Kr 2.5bn in July, according to preliminary figures. This compares with a deficit of Kr 1.2bn in both June this year and July last year and brings the deficit for the year so far to Kr 11.5bn compared with Kr 8.5bn in the same period last year.

Imports in July jumped 42.8 per cent from a year ago's level to Kr 7.57bn and in the year so far by 18.8 per cent to Kr 53.0bn. Exports in July were up 24.3 per cent to Kr 5.0bn and for the year so far by 15 per cent to Kr 41.4bn. The terms of trade deteriorated by some 4 per cent.

## Peugeot may assemble in Egypt

Automobiles Peugeot, of the PSA Peugeot-Citroen group, said it is studying the possibility of building a car assembly plant for its 504 modely in Egypt. Reuter report from Paris. But a company spokesman said studies are at a very preliminary stage and no project has yet been put before the Egyptian authorities.

## Indonesia buys German ships

JAKARTA — Indonesia has signed a DM 216 (£55m) contract with West Germany's Slichtung Werft shipbuilding company for construction of four semi-container vessels, Mr. Pongki Supardjo, the Indonesian Sea Communications Director-General, has announced.

The agreement is to be financed under a loan from West Germany repayable in 15 years, with a three-year grace period, at an undisclosed interest rate.

Each ship will be 17,000 dwt with a capacity of 684 units.

Reuter

## Dutch to start viewdata trials

BY ELAINE WILLIAMS

THE NETHERLANDS is to begin public trials next April of a viewdata information system based on the British Post Office's design.

The introduction of the service is part of the country's post and telecommunications authority's plan to provide several major new services to its telephone subscribers in the 1980s.

The telecommunications authority has been so successful in marketing the idea of the viewdata system that more than 100 companies and organisations in The Netherlands are willing to provide information for the system.

The authority obtains revenue for every page of information sold for display on the viewdata system. This information can be obtained by anyone who has an adapter which links his television set to the viewdata computer via the telephone network.

So far, 70,000 pages have been reserved by companies to provide information, which varies from product advertising to entertainment guides. But, by the time the service starts, the authority believes it will have sold more than 200,000 pages.

Extra revenue will be obtained by charging subscribers every time they request information, but this is contingent on the need for a reasonable number of people who use the system. Britain, for example, had few subscribers when it began its pioneering system.

The Netherlands telecommunications authority has ensured that there will be at least 2,000 subscribers when the system begins, since it has stipulated that any organisation which provides over 50 pages of information will also have to provide one subscriber to use the system.

Britain, by comparson, has yet to top 1,000 users of its system, most of whom are in the business field.

Other services which The Netherlands hopes to introduce to expand its telecommunications system is facsimile. This is a method of transmitting pictures and written documents through use of the telephone network.

Coupled with the introduction of sophisticated digital electronics in the telecommunications network, the telecommunications authority believes that facsimile has enormous potential as a method of transmitting graphic information.

It intends to set up a network of 200 facsimile machines in post offices throughout the country, which can be used by businesses.

Other plans include the introduction in 1980 of a security network for Government and local administration buildings and for banks, which may well be extended to private users

## Gormley for BOTB

Mr. Joe Gormley, president of the National Union of Mineworkers, has been appointed a member of the British Overseas Trade Board Elaine Williams writes.

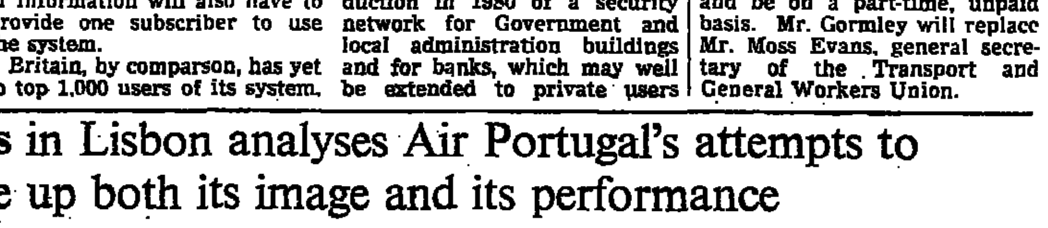
The appointment made by Mr. John Nott, Secretary of State for Trade, will run for three years and be on a part-time, unpaid basis. Mr. Gormley will replace Mr. Moss Evans, general secretary of the Transport and General Workers Union.

**Jimmy Burns** in Lisbon analyses Air Portugal's attempts to spruce up both its image and its performance

## Government indecision clouds future

TAP, Portugal's national airline is changing its name and colours from Transportes Aereos Portugueses to the new commercial name of Air Portugal.

The airline's aircraft are to be spruced up and a bold, new colour scheme is to be extended to all flying and ground equipment. Cabin and ground staff are to be presented with new uniforms, and the word "punctuality" locked into Air Portugal's official vocabulary.



Boeing 727 carrying Portuguese national airline's new livery.

The facelift is part of the latest bid by Europe's least-known airline to emerge from the doldrums and enter the highly competitive field of international air travel.

Although TAP's management is well aware of the continuing energy crisis and the need to consolidate, it is planning to exploit new markets, particularly around the gulf, Latin America, and parts of Africa.

Recently TAP entered negotiations with Boeing, MacDonell Douglas, and Lockheed for the purchase of 16 wide-body aircraft to bolster its international fleet. Lockheed has agreed in principle to supply a first batch of five TriStars by 1983, but the deal still awaits the green light from the Portuguese Government.

Government approval is vital since the U.S. Export-Import Bank, which would raise up to 50 per cent of the $200m cost of the five aeroplanes is apparently insisting on a State guarantee.

TAP officials are confident they will get the go-ahead, but the company's weak financial situation and the restrictions placed on the economy by the International Monetary Fund-backed stabilisation programme are threatening to stop the expansion programme dead in its tracks.

Until 1973 TAP was a privately-owned company making healthy profit. The oil crisis and the political upheavels which followed the Portuguese revolution on April 25, 1974, changed the pattern dramatically.

In 1974, one of the airline's most profitable sources of revenue, travel to and from Portugal's African colonies, accounted for 45 per cent of TAP's total traffic. Following the decolonisations in 1975 and 1976 and the withdrawal of nearly 750,000 settlers and their dependants from Angola and Mozambique, the African line was practically severed. Today TAP runs an average of three flights per week to Portugal's former African colonies compared with three flights per day in 1974.

At home the first years of revolutionary turmoil meant nationalisation, huge wage increases, and a temporary drop in tourism. Successive Governments, meanwhile, refused to take the politically dangerous step of raising domestic tariffs to meet the costs of increased fuel prices.

In 1977 the company was further damaged by a lengthy strike during the peak Christmas period and the first major airline disaster in its 35 years of existence.

The company's face change and fleet expansion form part of an emergency plan finalised earlier this year by TAP's new management—there have been six board changes since 1974—and aimed at putting the airline's losses of Es996m (£9m) in 1978 firmly into the black by 1981.

The pivot of the plan is a financial restructuring scheme which, like the purchase of the Tristars, is still awaiting Government approval.

Part of TAP's liabilities include an Es 550m outstanding debt resulting from the purchase in 1976 of two Boeing 707's from the Portuguese air force. TAP is seeking Government help to liquidate this debt.

The airline is also seeking cooperation from the Government in dealing with an estimated Es 1.4bn in decreasing losses and unrealisable assets incurred from TAP's past operations in Angola and Mozambique.

Finally, faced with the Government's continuing reluctance to raise tariffs of domestic flights, TAP is asking for compensation for losses in the form of a direct state subsidy of Es 807m.

Banking officials regard such a sum as unrealistic given the present limits on the expansion of credit to the public sector. They argue that other public companies, such as the national railways are in much greater need of help than TAP and that the purchase of new aeroplanes is an unnecessary luxury in the present circumstances.

Nor are the company's ambitious plans helped by the constant changes of Government in Portugal.

The present caretaker administration, led by Prime Minister Maria de Lourdes Pintasilgo, has already talked of the need for austerity. It remains to be seen whether Air Portugal, thinking big and wanting a generous shopping basket, can fit into the picture.

هكذا من الأصل

# SOME PERFORMANCE FIGURES YOU MAY NOT EXPECT FROM A LANCIA.

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| THE LANCIA BETA SALOON | 1300cc | 1600cc | 2000cc |
|---|---|---|---|
| Urban | 24.6 mpg | 24.8 mpg | 23.9 mpg |
| Constant 56 mph | 37.2 mpg | 39.2 mpg | 41.5 mpg |
| Constant 75 mph | 28.8 mpg | 29.4 mpg | 30.4 mpg |

*Official Government figures based on imperial mpg.*

It's comfortable and spacious, taking five adults with head and leg room to spare.

| THE LANCIA BETA SALOON | 1300cc | 1600cc | 2000cc |
|---|---|---|---|
| 0-62 mph (100 kph) | 14.5 secs | 11.9 secs | 10.2 secs |
| Top Speed | 100 mph | 106 mph | 112 mph |

*Based on manufacturer's figures.*

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**The Lancia Beta Saloon from £4,252.03***

# North Sea oil output up 53% in first half

BY RAY DAFTER, ENERGY EDITOR

BRITAIN'S North Sea oil production reached 37.4m tonnes in the first half of this year—53 per cent up on the same period last year and nearly equal to the amount produced in the whole of 1977.

The supply of domestic crude oil to UK refineries rose by 35 per cent to 18.4 tonnes, and supplies of imported oil fell by 10.6 per cent to 29.8m tonnes.

Even when the country becomes self-sufficient in energy some time next year, oil companies will continue to import some crude oil to achieve the right blend of refinery feedstock needed for various oil products like petrol, naphtha and fuel oil.

Crude oil received at UK refineries during the first half of this year totalled 48.3m tonnes, about 2.3 per cent more than a year ago, according to the latest Government energy statistics published in Energy Trends.

In contrast to the 3.9m tonnes drop in crude oil imports, the amount of North Sea oil exported rose by 3.2m tonnes to 18.8m tonnes.

Total energy used in Britain during the first six months was 6.2 per cent higher than a year ago. The Energy Department pointed out that most of the increase occurred in the exceptionally cold first three months of the year. When seasonally adjusted, the statistics indicated an increase of only 4.2 per cent for the half year.

In the April-June quarter, coal consumption rose by 10.1 per cent, accounting for most of the increased demand. Natural gas consumption rose by 5.3 per cent, and petroleum demand dropped by 1.3 per cent.

Deep mined coal production during May-July rose by 3.7 per cent over the same period last year to nearly 25m tonnes, but coal stocks at the end of July stood at only 27.9m tonnes—4.7m tonnes less than a year ago. Power station stocks rose by just under 1m tonnes during July to 14.2m tonnes—5.5m tonnes less than at the end of July last year.

Total gas supplies during the May-July quarter were 8.4 per cent higher than the previous year, although in July itself, gas sales dropped by 3.3 per cent.

The amount of electricity supplied in the UK during the half year increased by 7.2 per cent, and the amount of fuel used for electricity generation increased by 8 per cent.

# Surge in china clay exports

BY PAUL CHEESERIGHT

STRONG DEMAND from the paper and ceramics industries has led to a surge in UK china clay exports, giving the industry a buoyancy it has not experienced since 1973-74.

Exports in the three months to July were 703,159 tonnes compared with 586,253 tonnes in the same period of 1978, the China Clay Association said yesterday.

But sales growth on the domestic market was less marked. UK customers bought 134,591 tonnes in the July quarter, just 3,929 tonnes more than in the comparable three months last year.

Average monthly sales, both at home and overseas, were 279,250 tonnes in the most recent quarter, against 242,365 in the same period of last year.

China clay is used in the paper, ceramics, paint, rubber and plastics industries. Eighty per cent of the sales of English China Clays, the industry leader, are taken by the paper industry. A similar proportion of its china clay sales are exported.

Demand from the northern European paper industry in particular has been strong recently. There has been continued re-stocking after the recession last year, a period which the company has classified as "beastly."

The UK industry has also been shipping china clay out of the country to its own overseas depots. This is a seasonal phenomenon, when exporters take advantage of a lull in the market to prepare for fresh demands.

A further factor behind the rise in exports has been the growing market in the expanding ceramics markets of the Mediterranean and the Middle East.

Despite the present strength of demand, the exporters are not predicting the course of the market beyond the autumn. Exports are expected to hold up in the coming months, but fears of deepening recession make the industry very cautious about the prospects for 1980.

# £¼m grant for workers' co-ops

By Elaine Williams

A £250,000 grant to promote the setting up of workers' co-operatives in the Clydeside aera of Scotland has been given to the Scottish Co-operative Development Committee.

The five-year grant has been awarded under the Urban Aid Grant scheme by the Scottish Development Department and Strathclyde Regional Council.

With the money it receives, the committee aims to help to finance new co-operatives, to create home production marketing co-operatives which will stop the exploitation of home workers such as housewives and the handicapped, and to provide co-operatively owned factory units so that people can find accommodation for new business ventures.

At the end of the five years, it hopes to have at least 20 workers' co-operatives operating in an industrial areas which stretches from Greenock and Clydebank in the west to Hamilton and Motherwell in the east.

# Oil technology 'has export potential'

FINANCIAL TIMES REPORTER

NEW TECHNOLOGY associated with Britain's energy industry is one of the country's most marketable assets overseas, Mr. Cecil Parkinson, Minister of Trade, said at the opening of the Offshore Europe '79 exhibition in Aberdeen yesterday.

With the country's depressingly large deficit on visible trade of £2.2bn so far this year, excluding oil, it was partly to this new technology that Britain must look for export potential.

He said: "We certainly cannot sit back and rely on increases in North Sea oil production to make up for some very serious industrial shortcomings."

Mr. Parkinson who visited BP's Forties Field yesterday, the first day of the five-day biennial oil exhibition at Bridge of Don, Aberdeen, said that British oil technology was making an impact around the world.

The best short-term prospects for opening up new export markets lay in the field of international oil and gas development.

Design and consultancy expertise in both the coal and electrical power industries was also a valuable source of overseas earnings.

He warned exporters of offshore technology that they would face stiff competition from countries such as Brazil, Mexico, Australia and China, which had the same ambitions as Britain in this new export area.

"Nevertheless we have built up considerable competence in many areas of specialised engineering and services, including design and consultancy. They are going to be invaluable as export assets."

# Victoria Station walker survey

NEARLY 30,000 pedestrians, including commuters, using Victoria Station, London, will be asked this week by the Greater London Council to take part in a survey of pedestrian movement in and around the station so that plans for better crossing facilities can be worked out.

● NEWS ANALYSIS—FASHION

# Burton buys for the ladies

BY RHYS DAVID, TEXTILES CORRESPONDENT

WHETHER Sir Montague Burton would have approved will never be known, but with the acquisition of the Dorothy Perkins chain of fashion stores in an £18m deal with British Land, the group he founded has completed a major transformation.

For long the dominant force in menswear retailing—selling one-third of all suits at one stage—Burton will now be equally big in UK womenswear with sales in both sectors of around £90m and with close on 400 shops in each.

Burton's transformation goes much deeper than the new stake it is now taking in the highly competitive field of womenswear retailing. Throughout much of the 1970s the group has been seen as a prime candidate for a takeover as a result of the severe difficulties it faced in its traditional menswear business.

With the suit market declining—especially the made-to-measure suit in which Burton specialised—the group ran up several years of losses. There were boardroom shuffles as attempts were made to thrash out a new strategy and to decide whether Burton should be predominantly a retailing, manufacturing or even property group.

With the appointment of Mr. Cyril Spencer as group managing director at the end of 1976 Burton began a programme of extensive pruning of both its manufacturing and retailing operations involving the loss of more than 3,000 jobs as factories in the North were shut.

The programme, including write-offs and heavy redundancy payments, plunged the group into losses of £13m in 1977. But this proved to be the low point in the long decline. Burton returned profits of £6.53m in 1978 and in the first half of its current year profits stood at £9.2m.

One of the key figures behind the recovery has been Mr. Ralph Halpern. In 1977 as chief executive of the newly-created retail division he was given the task of transferring to the menswear side some of the successful ideas he had developed in the group's Peter Robinson and Top Shop outlets.

In the past two years the Burton outlets have, under his leadership, been extensively refitted. A wider range of merchandise—most of it bought in rather than manufactured by the group—has been introduced.

A new group of outlets trading under the Top Man name has also been opened to give Burton a bigger stake in the fashion end of menswear. Good results from these businesses have been a major factor in the profits now being made.

The decision now to acquire acquire a further 240 shops suggests that Burton feels that management has successfully sorted out the menswear side and is ready to take on a much bigger share of high Street womenswear retailing.

For Burton one of the attractions of womenswear is that the market, around £2.5bn a year, is much bigger than menswear—only about £1.5bn a year. There are also economies of scale to be gained from a bigger operation—one of the factors which persuaded Tootal to dispose of its 175-shop Van Allan chain last month to UDS.

In their dealings with the property groups which control modern precinct developments the single chains find they have less muscle than other groups such as Burton or UDS, which are likely to be taking perhaps three or four units in each development for their various subsidiaries.

Burton's own High Street retailing already includes 300 Burton, 50 Top Man, 20 Jackson the Tailor, 70 Top Shop, 80 Evans and two Peter Robinson stores (the second of which was by coincidence opened in Manchester yesterday). The group also has 50 Ryman shops specialising in stationery.

Burton said yesterday it had no plans to change the style of the Dorothy Perkins outlets which compete with Etam, Richard Shops, Chelsea Girl, and Van Allan in the young fashion market. Efforts will be made, however, to bring profits—£2.2m last year on a turnover of £38m—up to the levels Burton has itself been achieving in its own womenswear outlets.

Burton is building up its stake in retailing while some bigger groups are beginning to express caution over prospects in the next year. Though trade in the period leading up to Christmas is expected to benefit from the wages boost of lower tax payments, next year is widely expected to be difficult.

Burton nevertheless, has already moved much more quickly than many had expected in re-establishing itself in menswear. If it can now absorb Dorothy Perkins as well, and ride out any downturn in consumer expenditure next year it will rank as one of the most impressive company recoveries of recent years.

Mr. Cyril Spencer

# Economic evidence 'suggests recession has now begun'

DEMAND INDICATORS and industrial evidence suggest that the recession has now begun, according to City stockbrokers de Zoete and Bevan.

The brokers say: "The fall in unfilled vacancies for the second consecutive month provides the clearest evidence, although the dramatic reduction in retail spending in July, the depression which appears to be spreading throughout the domestic tourist industry, and the fears expressed by engineering industries hit both by industrial action and rapidly reducing orders, lend support to the view."

Mr. Michael Hughes says in the firm's monthly economic survey: "There is a distinct possibility that the money supply will fall below its target range if interest rates are not reduced soon. A reduction in interest rates, and hence a relaxation of the current monetary policy stance, is required if domestic demand is not to reduce at a greater rate than was officially forecast in the Budget."

Brokers Fielding Newson-Smith and Co. argue that the economic statistics this month may not point to a major change. But the firm believes that change is imminent as the economic cycle is turning down.

The firm believes that the growth in bank lending will moderate, short-term interest rates will fall, possibly in October, and the growth in the money supply will be easier to restrain in the second half of 1979-80.

These views highlight the division among City analysts about what stage of the business cycle has been reached. Some analysts believe that the economy is still strong and that any easing in interest rates will come later rather than sooner.

But there is broad agreement among analysts that there will be a mild recession next year.

# Insurance broker's dealings to be probed

By John Moore

FURNESS-HOULDER (Insurance), the Lloyd's of London insurance broking subsidiary of Furness Withy, the shipping group, is to carry out a full investigation into the background of insurance transactions by one of its employees.

The employee was suspended early last month pending "satisfactory answers to questions relating to business placed with the Ashby syndicates 753 and 751."

The Ashby managing company called a halt to dealings on five of its underwriting syndicates at Lloyd's—numbers 753, 751, 750, 752 and 757—following concern about the premium limits of the syndicates. There were fears that syndicate 751 had greatly exceeded the premium limits laid down by Lloyd's rules.

It is understood that the Furness-Houlder employee concerned entered into arrangements in respect of direct and reinsurance business which was not reported in the normal manner, and was entered into without the knowledge of the company's senior management, which only recently became aware of the nature of these transactions.

A full investigation into the background of the situation is to be made and the company is keeping the 16-strong Lloyd's ruling committee informed of all developments.

The company is looking at insurance transactions conducted by the employee, a broker, between the syndicates. His dealings with the Commodore Reinsurance (Management) Company are also to be studied.

The deals being examined are believed to involve motor accidental warranty insurances in America, Australia, and Sweden. U.S. contingency insurance business is also involved. Total premiums involved in the insurance deals under investigation are estimated to be well below £5m.

# Bureaucratic controls 'hamper moves to safer medicine'

BY SUE CAMERON, CHEMICALS CORRESPONDENT

GOVERNMENT SECRECY and "unnecessary bureaucratic controls" are hampering progress towards safer medicines, Professor Arnold Beckett of the Chelsea School of Pharmacy in London, said yesterday.

Speaking at a Press conference after a Federation Internationale Pharmaceutique meeting in Brighton, Professor Beckett demanded that bodies like the Medicines Commission, the Committee on the Safety of Medicines and the Committee for the Review of Medicines should no longer be allowed to operate "behind closed doors."

He claimed they sometimes made decisions that lowered safety standards instead of improving them. Yet it was difficult to challenge their conclusions because of a lack of information.

"Civil servants often select the pieces of information that are given to a Government committee." This clearly affects a committee's decision as to whether or not a particular medicine should be banned on safety grounds.

Prof. Beckett said the first major challenge to Government policy had been made last year when the Committee on the Safety of Medicines tried to ban chloroform—used as a preservative in many medicines—because of U.S. evidence that it could cause cancer.

Chloroform had been used in making medicines for over 70 years without causing any harm to patients. Yet the U.S. evidence had been based on studies of rats given massive doses of chloroform over long periods.

"We had effectively had human trials of chloroform yet the comittee wanted to ban it because of evidence from animal trials. There was no other tried and tested preservative that could have been used."

Any moves to cut costs in the National Health Service by insisting on standard medicines being prescribed rather than newer formulations could also weaken safety standards and might ultimately prove more expensive.

# Bacon factory takeover at risk

BY CHRISTOPHER PARKES

THE PLANNED takeover by farmers of Lawsons bacon factory at Dyce, Aberdeenshire, is in danger because workers at the plant have refused to negotiate on reforms proposed by the takeover team.

The Scottish Development Agency said yesterday that without the reforms it would not invest in the project.

More than £1m of the cost of the works has already been promised by farmers and a local agricultural co-operative, topped up with £100,000 personal pledge from Mr. George Morley, managing director designate.

But the balance of the £2.5m needed to complete the takeover from the factory's present owner, Unilever, is being hild up by the Government-funded agency until agreement is reached on a labour deal aimed at making the works more streamlined and flexible.

Mr. Jim Sutherland, representing the Union of Shop, Distributive and Allied Workers—the biggest of three unions in the factory—said yesterday that the unions were repared to talk about individual details in the proposals but could not accept all the reforms.

The deadline for completion of the deal is mid-September, although Unilever does not plan to close the works untilNovember.

# Calling Guyana

GUYANA yesterday became the fourth South American country that British telephone users can dial direct. The others are Argentina, Brazil and Venezuela.

# Wealth falls 8% below EEC level

BY DAVID FREUD

WEALTH per head of population fell markedly in the UK compared with the EEC as a whole in the 15 years to 1977, according to a special article in the latest issue of the Central Statistical Office's Economic Trends.

At purchasing power parities, the UK GDP per head fell from 8.3 per cent above the EEC average to 8.2 per cent below it.

The UK was the only country other than Luxembourg with a significant decline against the EEC average during the period. Among the poorer countries, Ireland increased its per capita GNP compared iwth the average, while Italy was little changed.

The biggest gains were experienced by Belgium whose GNP per head rose 12.3 per cent against the average, and France, where there was an 11.7 per cent increase.

The differences in the levels of GDP per head in 1975 between thes regions of the UK were much smaller than in most other EEC countries. The poorest region in the UK produced 73 per cent per head of that produced by the richest. In France, the comparable figure was 44 per cent, and in Germany 57per cent.

The article said that the greater homogeneity in the UK probably reflected the high degree of industrialisation. The poorer regions of France and Italy mostly had agriculturally based economies with much lower living standards.

"It would seem that the existence of declining industries in an area does not necessarily have a strong impact on living standards. Earnings of employees in these industries are usually little different from the national average."

At purchasing power parities, the richest EEC region was the Ile-de-France round Paris, with GDP per head 95 per cent higher than the EEC average.

The richest UK region, the South East, had a GDP per head 5 per cent higher than the EEC average. It came behind all of Germany except Schleswig-Holstein, Niedersachsen and Rhineland-Pfalz, the Centre-Est of France, most of the Netherlands and Belgium, Denmark and Luxembourg.

GPD PER HEAD AT CURRENT PURCHASING POWER PARITIES*
(EUR 9† = 100)

| | UK | Germany | France | Italy | Holland | Belgium | Luxembourg | Ireland | Denmark |
|---|---|---|---|---|---|---|---|---|---|
| 1962 | 108.3 | 115.6 | 101.6 | 72.6 | 101.9 | 97.6 | 124.2 | 58.7 | — |
| 1967 | 105.1 | 111.7 | 106.0 | 75.1 | 104.4 | 99.2 | 117.6 | 59.1 | 122.4 |
| 1972 | 95.8 | 116.2 | 110.1 | 73.9 | 106.3 | 104.7 | 120.2 | 63.4 | 122.0 |
| 1977 | 91.8 | 118.5 | 113.5 | 72.2 | 107.7 | 108.9 | 110.1 | 62.3 | 118.8 |

* The figures at current market prices are taken from "National Accounts ESA—1960-1977 Aggregates" published by Eurostat.
† EUR 9 denotes the total of the nine countries of the European Community.

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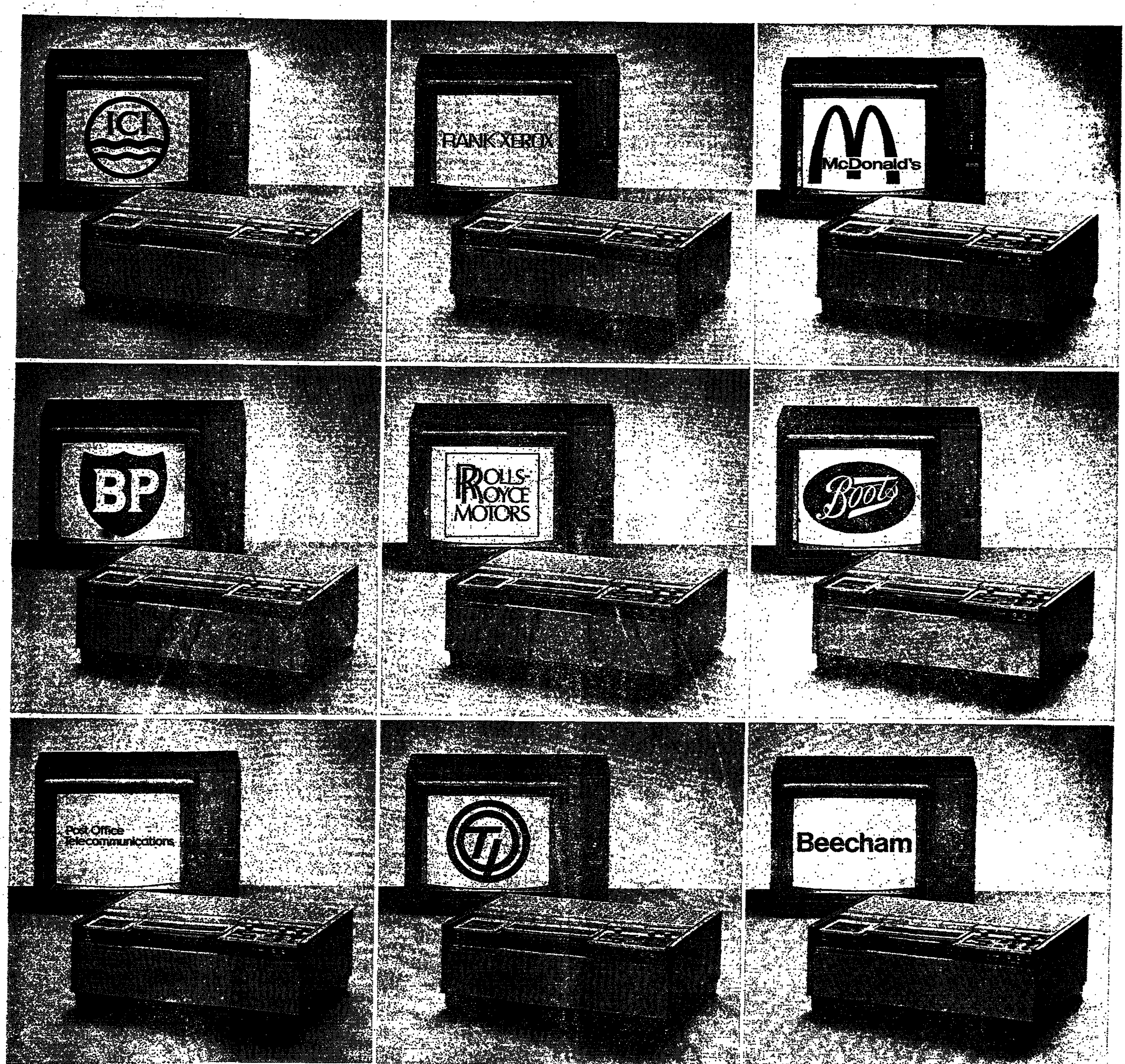
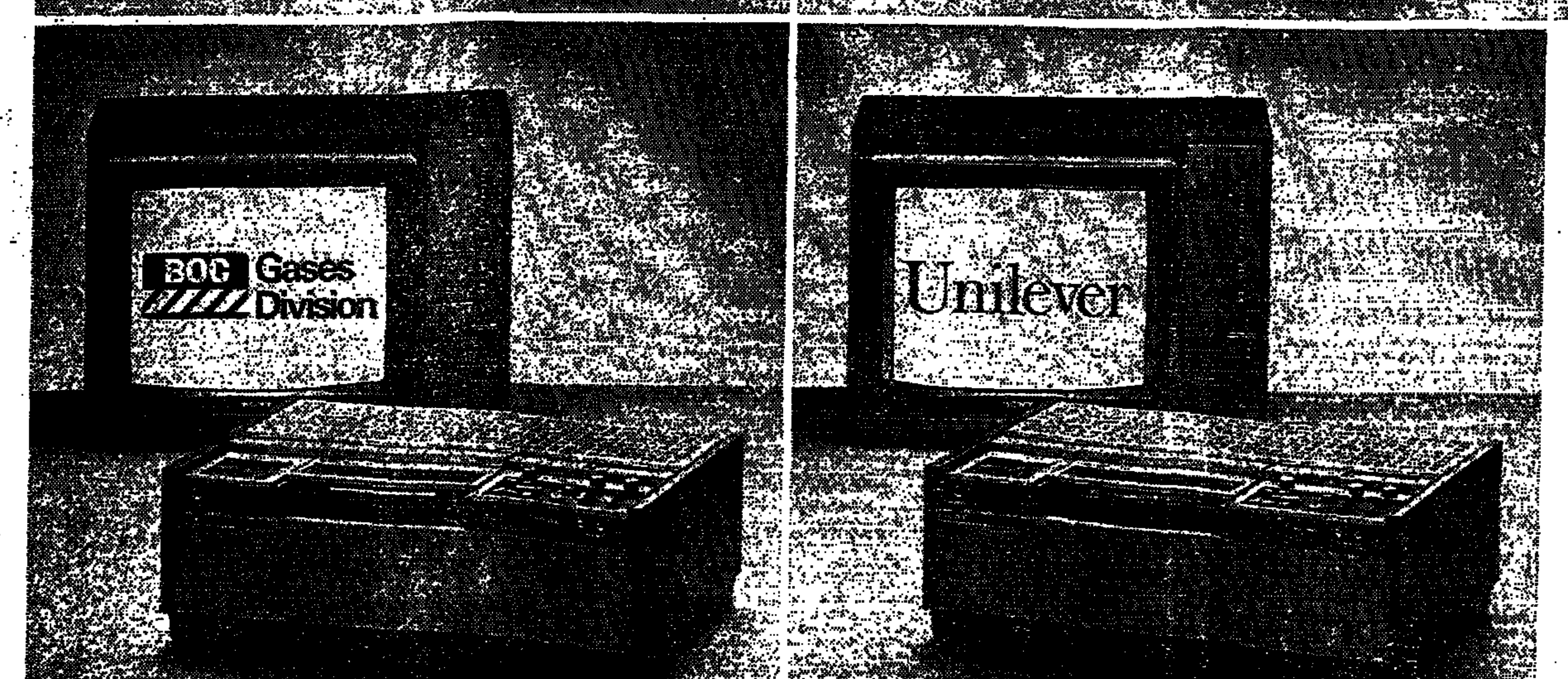
# Anyone would think Sony are the only people who make video for business.

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# UK NEWS

## Lord Kearton calls for end to British 'neglect' of engineering

BY DAVID FISHLOCK, SCIENCE EDITOR

ENGINEERING SHOULD take precedence over science in Britain for the next few decades. *Lord Kearton, chairman of the British National Oil Corporation,* told the British Association for the Advancement of Science in Edinburgh last night.

Lord Kearton, in his presidential address opening the association's annual meeting, said shortages of fossil fuel and possibly other natural materials would make society dependent upon a successful partnership betwen science and engineering.

Britain had been neglecting engineering, according to the former Oxford chemist who described himself as a chemical technologist.

Yet it seldom occurred to most people, or to governments, that key reasons for Britain's failure to keep abreast of overseas competition might be shortages of design skills, craftsmen, and good engineering process managers.

Britain neded to make a more positive effort to get "more of our intelligent, active, and manufacturing industry by way of engineering training."

Lord Kearton applauded GEC's initiative in pioneering a new kind of engineering training with Bath University.

He urged the nation to seek out, praise and publicise the leaders in engineering "in the same way as we have so long done for the leaders in science."

### Skills

Many British companies lacked up-todate machinery, specified and installed by front *rank engineers, and maintained* and improved by production and maintenance engineers of the same quality.

Boards of directors failed to *check, before embarking* on modernisation and expansion, that they had the engineering skills to be certain of success.

Engineering was taken for granted by non-engineers. "Quality of investment can be more crucial than quantity of investment."

Lord Kearton's experience with the Industrial Reorganisation Corporation in the 1960s had not been very cheerful. In many areas there had been an outdated organisational framework with mediocre direction, obsolete equipment, and managerial apathy.

Science or the scientific establishment had been eplaying no part in most companies, and only seldom did those directly concerned think there was any *part either could play.*

In reorganising, a policy was adopted of identifying leaders in a particular industry, with a proven professional background, and trying to build round them new teams with staff and financial support. It was always a major task for those leaders to find staff for their team, especially outstanding engineers.

Lord Kearton singled out as a successful recent British engineering achievement the gas centrifuge process for uranium enrichment in the nuclear fuel industry.

### Stability

Behind this success lay "the same team integration, the same detailed work on every aspect and the practical checking thereof, and the same respect for engineering skills and craftsmanship" that had characterised the early years of Britain's nuclear programme.

The difficulties of Britain's nuclear industry in the last 20 years had been "non-nuclear in nature." The nuclear parts of the work, particularly on the design of fuel elements and on the stability and control of nuclear reactions, had been satisfactorily dealt with.

But the commercial nuclear companies had severely underestimated engineering design problems, manufacturing difficulties, and site construction limitations—"perhaps because there were simply not enough good engineers to go round."

With hindsight, Lord Kear*ton believed there was* "neglect of the importance of taking nothing, no aspect of the overall design, however, apparently trivial, for granted." There was *also* a risk of not persisting with the pattern of closely integrated teams, adequately manned, with strong overall leadership in engineering, which had played such a key part in the earlier successes.

He cited the North Sea industry as a "most stimulating example near at hand of what science, engineering, finance and management can achieve, working together." The projects had been international exercises. There had been a successful technology transfer to Britain "helped by the esteem, status and rewards given to those who took up work in this new industry."

## Imperial cigarette prices rise 3p

By Paul Taylor

PRICES OF most Imperial Tobacco cigarette brands were yesterday increased by 3p for a packet of 20. The increase follows a similar decision from Carreras Rothmans, and other cigarette manufacturers are expected to follow suit shortly.

Imperial said increases in the company's and distributor's labour costs were the main reason for the price rise. It is the first from the market leader—excluding tax changes—since August 1978.

Embassy Number 1, Embassy Filter, Player's No. 6 King Size and John Player King Size will increase from 63p to 66p.

Just over 1p of the 3p increase will be kept by the manufacturer, about 1p will go in taxation and the balance to the distributor.

The latest round of rises follows the 6p increase caused by the higher VAT announced in the Budget. This has already led to trade estimates that consumer demand for cigarettes has fallen by as much as 5 per cent.

The decision to add the further 3p to prices, together with the Carreras Rothmans decision to follow other manufacturers' lead and halt the special "matched-deal" price promotions with retailers whereby a price cut by manufacturers is equalled by the retailer, suggests that the fierce price war of the last three years may be ending.

*The price war hit both manufacturers' and retailers'* profit margins. Imperial was among the companies hardest hit by the duty switch and *has had to fight hard to* recover its market leadership.

Now the company claims about 56 per cent of the overall market share and seven out of the top 10 brands.

## City earnings abroad rise by £500m to new record

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE FINANCIAL institutions of the City of London increased their net overseas earnings by more than £500m last year to *a new record level.*

This is shown in the latest edition of the Pink Book, as the Central Statistical Office's annual report on the UK *balance of payments is generally* known. The report was published yesterday.

The total invisible earnings of the City were £2.31bn in 1978—nearly 28 per cent higher than in each of the previous two years, when they were slightly less than £1.8bn.

Most City institutions reported higher earnings last year, but the largest increase was in banking, where the net interest on borrowing and lending in overseas currencies rose from £107m to £328m.

OVERSEAS EARNINGS OF CITY FINANCIAL INSTITUTIONS*

£m

| | Insurance | Banking | Commodity Trading | Baltic Exchange | Total |
|---|---|---|---|---|---|
| 1970 | 294 | 90 | 87 | 47 | 602 |
| 1971 | 345 | 71 | 100 | 25 | 622 |
| 1972 | 370 | 122 | 125 | 35 | 745 |
| 1973 | 347 | 159 | 165 | 53 | 831 |
| 1974 | 375 | 181 | 209 | 103 | 998 |
| 1975 | 437 | 202 | 286 | 146 | 1,221 |
| 1976 | 790 | 382 | 309 | 147 | 1,797 |
| 1977 | 893 | 318 | 230 | 155 | 1,790 |
| 1978 | 970 | 652 | 295 | 154 | 2,307 |

*All figures net of debits due abroad*

*Source: Central Statistical Office Pink Book*

### Commodities

The insurance business, including Lloyd's, increased its net overseas earnings from £907m to £985m, while commodity trading and merchanting reversed some of the setback of the previous year, increasing its income by £65m to £296m.

The Pink Book also reveals an upward revision of the size of Britain's current account surplus last year. This is now estimated at £1.03bn, compared with £443m previously. The change is entirely the result of a £589m revision of the size of invisibles surplus.

As a result, the invisibles surplus is now thought to have risen by £170m during the year to £2.21bn, rather than fallen.

Apart from the increased City contribution, net earnings from civil aviation rose by £104m to £348m. The net income from other services rose by £408m to £1.37bn.

The overseas earnings of consulting engineers rose by £70m to £375m. However, for the first time in more than a decade there was a check on the steady rise in the overseas earnings of construction contractors, which dropped by £29m to £200m. The *earnings of process engineering* contractors fell by £25m to £160m.

Tourists and other visitors to the UK increased their spending by £151m to £2.5bn. But there was a big increase in the number of UK residents travelling abroad and in the amount they spent. Consequently, the net surplus on travel fell from £1.67bn to £955m.

Total earnings from overseas on sea transport fell. The net deficit on this account rose from £17m to £171m.

When these current price figures are adjusted to constant 1975 prices, little change is shown between 1977 and 1978 in the volume of services exported. Earnings from civil aviation and from construction work overseas grew *particularly* strong, but there were falls, mainly in tourism and sea transport. Payments abroad for civil increased quite sharply in volume, but were offset by falls in other services.

Transactions between the UK and other member countries and institutions of the EEC were in current account deficit by £2.95bn last year, compared with £2.16bn in 1977.

The deficit on visible trade increased from £1.73bn to £2.25bn, while the deficit on Government transfers to the EEC rose from £492m to £956m.

In contrast, the visible trade surplus with oil exporting countries rose from £885m to £1.58bn last year, though the outcome in 1979 will be affected by a sharp reduction in exports to Iran and Nigeria, as well as by movements in the oil price and in the volume of the UK's crude oil imports.

### Impact

The identified impact of UK private investment overseas, together with associated financing and the inflow of earnings from earlier investment, resulted in an addition to the reserves of £1.2bn last year, compared with £2.25bn in 1977.

The identified effect of inward private investment was adverse for the first time in more than six years. The unfavourable effect was £539m, compared with a favourable impact of £115m.

*UK Balance of Payments, 1979 Edition, Stationery Office, £5.75.*

## Co-op launches its own credit card

THE CO-OP yesterday became the latest High Street store to launch its own credit card.

Following a successful pilot scheme earlier this year, the Co-op's Handycard will be introduced through Co-op retail outlets over the next 15 months.

The card will be made available initially to shoppers in 200 stores in the North, Midlands and South of England. It will be extended to 30 Co-op retail societies before January.

Handycard is financed by the Co-operative Bank and administered by Barclaycare, the retail credit card arm of Barclaycard.

Card holders can purchase goods up to 24 times the amount *of their monthly repayment.* The minimum subscription is £5 a month, and the maximum purchase is £1,000.

## Government may cut statistics programme

BY ROBIN REEVES, WELSH CORRESPONDENT

THE GOVERNMENT is considering cuts in the official collation of business statistics, as part of its review of public expenditure.

At risk are a significant number of the quarterly "Business Monitor" inquiries into manufacturers' sales covering *170 industrial sectors,* some annually collated statistics, and up to 160 jobs at the Department of Trade and Industry's Business Statistics Office in Newport, Gwent, South Wales.

The public expenditure review has already led to the axeing of a special shops inquiry.

The UK is far from top of the list of statistes collectors in the industrialised world, and there is evidently widespread internal resistance to cuts in any part of the programme.

*A 10 per cent public expenditure* reduction would mean a significant pruning of quarterly statistics. A 15 per cent cut *would hit annual statistics.* The Government's room to manoeuvre in this area, however, is evidently limited by an EEC legal obligation to furnish Brussels with *certain regular* information.

The pruning of quarterly statistics could be done by amalgamating certain manufacturing sectors, now collated separately. Alternatively, economies could be achieved by raising the "cut-off" level to exclude more small *companies fro mthe obligation* to submit regular returns to the Statistical Office.

The latter course may have attractions for the Government in view of the complaints from small businesses that they are overburdened with official forms. The drawback of both options is that they will significantly reduce the usefulness and accuracy of the statistics.

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## Minister says riot jail needs modernisation

AFTER TOURING Scotland's Peterhead prison—scene of last week's prisoners' riot—Mr. Malcolm Rifkind, Scottish Office Minister, admitted that some modernisation was needed.

But he said yesterday there was no justification for the disturbances, adding: "It was a completely senseless act and was in no way in the interests *of those carrying it out.*"

Denying that £1m to be spent on the high-security prison north of Aberdeen was a "cosmetic amount," he said: "The *Government does give law and* order a priority and enables us to go ahead with these improvements."

The money will be spent on a *new multi-purpose hall* at Peterhead, which houses 250 long-term prisoners. Kitchen, toilet and washing facilities will be improved, together with workshop extensions and heating and extractor systems.

## Rear fog lamps on new cars

It will be compulsory for most new motor vehicles manufactured after October 1 this year and first used after April 1, 1980 next year to be fitted with one or two rear fog lamps.

## Intasun in £10m U.S. deal with Laker

BY ARTHUR SANDLES

INTASUN, one of Britain's biggest tour operators, has signed a £10m contract with Laker Airways for a two-year package tour programme from the UK based on Miami.

The deal is another move in what promises to be a price war in British travel to the U.S. similar to that which hit the Spanish market in the late '60s.

*Intasun is to unveil a programme of Florida-based tours* using Laker jets later this month. However, it is understood that in promising American holidays at "Mediterranean prices," Intasun's chairman, Mr. Harry Goodman, is talking in terms of two-week all-inclusive package trips at a price nearer £200 than £300.

The U.S. is the current *glamour stock* in the British travel scene. Visits by British residents will probably have risen by 40 per cent by the end of this year, and will be nudging *the level of 1m. annual trips.* The strength of sterling has helped the boom. If growth continues at present levels the U.S. could soon edge out rivals and enter the top five favourite holiday destinations for the British.

Intasun's plans and investment are unlikely to go unanswered. Cosmos Tours launched a substantial, and successful, programme into the U.S. for this season and is likely to expand its capacity. Thomson, the nation's biggest tour operator, will reveal its plans in a few days.

*To these package majors must* be added charter operators such as Jetsave and Laker. Both carry large numbers of Britons to the U.S. and arrange package tours.

The Intasun contract with Laker gives the tour operator seven flights a week out of Britain—four from Gatwick and three from Manchester—into Miami. If reasonably successful, this means about 2,500 package tours a week throughout the late spring and summer.

Florida is desperately keen to fill its hotel beds in the summer months since its main domestic season tends to run from Christmas to Easter. The hurricane season does not normally start to interfere with holidays until late August.

Laker will use its DC 10-30 jets for the programme. The *size of these aircraft, plus the* availability of inexpensive accommodation and low-cost add-ons such as car rental, mean that tour operators have lots of room to indulge in a price war.

Even this summer a fortnight's holiday in a first-class hotel in Miami could be bought cheaper than a similar trip to some Mediterranean resorts.

## APPOINTMENTS

## Executive change at Fairey Engineering

Mr. John Parsons is to become managing director of FAIREY ENGINEERING, the military and nuclear products operating company of Fairey Holdings, following the impending promotion of the present managing director, Mr. George Williamson, to the board of Fairey Holdings as financial director at the end of this month. Mr. Parsons will take up his appointment on September 10. He is at present managing director of Markon Engineering, a member of Dobson Park Industries and has been with that group for six years and a director of Markon since 1974. Mr. Michael Fay, acting financial director of Fairey Holdings, is to be director of corporate planning from the end of September.

★

Mr. B. Appleton, chairman of ICI agricultural division, has succeeded Mr. F. Whiteley as a director and chairman of SCOTTISH AGRICULTURAL INDUSTRIES.

★

Mr. D. N. Steeley has been appointed managing director of BOXMAGRAPID, a subsidiary of Wolseley-Hughes, in succession to Mr. A. G. Turnock who is retiring as chairman and managing director, but remains a non-executive director.

★

Mr. John Plumer has resigned from the board of LOWNDES LAMBERT GROUP.

★

Mr. Hans Breitenbach, assistant managing director of RHP BEARINGS and general manager of RHP transmission bearings division is retiring from his executive responsibility at the *end of September. He remains* on the Board of RHP Bearings as a non-executive director. Mr. Breitenbach is succeeded as general manager of transmis*sion bearings divisiin by Mr.* John Singleton. Mr. Colin White has been appointed manager of RHP Precision Ball Company, Chelmsford.

★

WILTSHIERS has appointed Mr. R. S. Newton as pre-contracts services director responsible for estimating, marketing and all aspects of design and build service. He was previously chief estimator for the R. G. Carter Group of Norwich.

★

Mr. Terry Coram is joining MARKET AND OPINION RESEARCH INTERNATIONAL on October 1 as director of international research. For the past seven years he has been director of export marketing research at the British Overseas Trade Board where he developed the Government's Scheme to help and encourage UK firms research overseas markets.

★

Mr. W. S. Christian has been named as managing director of INTERNATIONAL HARVESTER CREDIT CORPORATION OF GREAT BRITAIN a newly-formed finance subsidiary of International Harvester Company of Great Britain. Mr. Christian is currently treasurer of IH Great Britain and will now have full responsibility for all treasury activities of both companies.

★

Mr. John Nott, the Trade Secretary, has appointed Mr. Joe Gormley, president of the *National Union of Mineworkers,* a member of the BRITISH OVERSEAS TRADE BOARD. He replaces Mr. Moss Evans. Appointments to the board are on a part-time unpaid basis, and are *for three years.*

★

Mr. Andrew Harris, the Borough Estates and Industrial Development Office for the Metropolitan Borough of Oldham, has been appointed city valuer for BRISTOL CITY COUNCIL.

★

Mr. Peter Jarrold has been elected chairman of JARROLD AND SONS in succession to his father Mr. John Jarrold.

★

Mr. G. H. Elliot and Mr. C. C. R. Mack have resigned as directors of CHAMBERS AND FARGUS following the transfer of Christian Salvesen's holding of Chambers and Fargus shares to the *S. N. Kurkjian partnership.*

★

McLEOD YOUNG WEIR INTERNATIONAL has made the following appointments: Mr. A. C. *Tupker is made president* and managing director and Mr. G. F. Garsten an executive director. Mr. Tupker succeeds Mr. J. S. A. Macdonald who is returning to *Canada to assume responsibility* for McLeod Young Weir corporate finance activities in Alberta.

★

*Ms. Diana Mills has joined* MLH CONSULTANTS as head of marketing research services.

★

The Secretary of State for Trade *has appointed Professor* Alexander Kennaway as a part-time member of the CIVIL AVIATION AUTHORITY. He will eventually succeed Sir *Henry Phillips, who was due to* retire on October 31 but will now continue until January 31, 1980. Professor Kennaway is at present a director of the Thomas Jourdan Group and Renwick-Skelsey Plastics. Since 1816 he has been a visiting professor of chemical engineering at Imperial College of Science and Technology. In 1978 he became chairman of the Department of Industry Education and Training Working Party on Terotechnology.

★

Mr. Victor Jennings has been appointed a director of HENRY SYKES and managing director of SYKES PUMPS.

*BRITISH CANADIAN TRADE* ASSOCIATION has appointed the following officers: Mr. Philip K. Gorick, president; Mr. James S. Appleyard, first vice-president, and vice-president, Ontario division; Mr. Edward L. Walton, vice-president, Quebec division; and Mr. Hubert O. Chapman, vice-president, Western division.

★

Mr. D. F. Woor, Mr. N. Wownass and Mr. K. M. Rentall have been appointed to the Board of ABEX FLUID POWER (formerly Abex Engineered Products) a holding company of the UK fluid power division of Abex Corporation, U.S.

★

Mr. Michael J. Boddington has been *appointed chief executive* of PECKSTON SHIPPING, Middlesbrough. He was formerly managing director of th eHenry Long Group (Bradford), a subsidiary of Ocean Transport and Trading.

★

Mr. C. A. Walters has been appointed to the Board of JOHN SADD AND SONS as director and general manager, kitchen units and dors. The company is a member of the Boulton and Paul group.

★

*Mr. Reginald Dickinson* has joined the Board of SMEDLEY-HP FOODS as purchasing director. He was formerly the general purchasing manager. Imperial *Foods is the parent concern.*

★

Harmers of London has formed an asociate company called HARMERS OF LONDON INSURANCE AGENTS which will handle the Lloyds Stamp Collectors Insurance Scheme. Mr. John R. Ward is chairman of the new concern and Mr. Ray *Haffner, managing director.* Other members are Mrs. Christine North and Mr. George Pearson.

★

*Mr. Colin Barclay has been* appointed managing director of CANTRELL AND COCHRANE (GB), maker of CLUB soft drinks and mixers. Mr. Barclay was formerly with Truman where he was marketing director.

★

Mr. Alex I. G. Farquharson has retired from the Boards of Rembrandt Engravers, Touchdown Adhesive Products, and from his other appointments with STOREY BROTHERS AND CO.

★

Mr. William J. Thorpe has been appointed deputy managing director and finance director of the NORPLANT GROUP, Westhoughton, Lancashire.

★

Mr. Edward Innes has been appointed chief executive of NOBEL'S EXPLOSIVES COMPANY, the Scotish based subsidiary of Imperial Chemical Industries. He takes over from Mr. W. C. McDowall, who retires at the end of October. Mr. *Innes joined ICI in 1943* and became a member of the Nobel's Board in 1973 as finance and services director. Since 1977 he has been marketing and sales director.

★

Mr. N. I. Bond-Williams, a non-executive director of LUCAS INDUSTRIES, has taken over additional responsibilities as vice-chairman. Mr. J. R. Edwards, who has been a non-exeutive director since 1968, has retired from the Board and relinquishes his position as vice chairman. *Mr. Bond-Williams* is at present pro-Chencellor of the University of Aston in Birmingham, chairman of Remploy and a director of Delta Materials Research and of the National Exhibition Centre.

## Shetland airfield runway extension plan studied

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

PLANS to extend the runway at Britain's most northerly airfield, at Unst in the Shetlands, are now being studied.

The airfield was built in 1967 for social service purposes but there has been recent development, at a cost of about £1m, by a consortium of oil companies.

The airfield will be used as a transfer point between fixed-wing aircraft and helicopters which service the North Sea oil rigs.

These developments were officially inaugurated by Mr. David Howell, Energy Secretary, yesterday.

Dan-Air, the independent airline, in consultation with the Shetlands Islands Council, which owns the airfield, and the Civil Aviation Authority have completed a feasibility study to develop Unst for use by 44-seat HS748 twin turbo-prop aircraft.

These plans envisage lengthening the runway from its present 1,230 ft to about 1,800 ft so that HS748s can fly directly from Aberdeen, thus by-passing Sumburgh.

The aim is to ease congestion at Sumburgh, further south in the Shetlands.

At the opening yesterday, Mr. Howell said that the Government's policy towards North Sea oil was undergoing a "much needed change."

He added: "Exploration and appraisal drilling on our continental shelf has declined to quite unacceptably low levels.

"This, in turn, implies a slowdown in the whole range of activities and services associated with North Sea exploration.

"This must be reversed. It is vital that we should have a much clearer picture of our full North Sea possibilities."

# Mayor livens up the opening

TO THE student of modern warfare—whether military or political—the opening skirmishes of a campaign are often more illuminating and of greater significance than the set piece battles that follow.

So it was o nthe first day of the TUC annual Congress yesterday. In the first 30 minutes of the opening formalities delegates and union leaders on the platform made it clear that Sir Geoffrey Howe's plea for the movement to "face reality and leave the dreamworld" was going to get short shrift.

Normally the morning is taken up with dull, non-controversial ceremony, with the Mayor of Blackpool, a dyed-in-the-wool Tory stronghold, telling delegates of the delights of the town. But it seems that Mrs. Thatcher's brand of Conservative evangelism has taken a firm grip on the North.

Mr. Robert Dewhirst, the mayor, boldly announced that he was going to plunge "into the valley of the shadow of death" and declared: "A new realism is abroad. The trade union movement cannot afford to ignore it."

Giving the Blackpool weather forecast for the week as "stormy with a few squalls" he said that in his opinion there was confrontation ahead on the industrial front.

"Is this a never ending process?" he asked. "Isn't it better to pause and think? Why, even a Conservative Government can't get it all wrong."

"Want to bet?" demanded delegates, who recovering from their initial shock, now started to shout and jeer.

But Mr. Dewhirst was not to be silenced. He told them that he wholeheartedly supported the new Conservative Government and its election manifesto that had been accepted by the electorate, "many of whom must be trade union members."

With great forbearance the conference then demonstrated its tolerance by unanimously passing a vote of thanks to the mayor. A subtle reprimand was administered by Mr. Tom Jackson, leader of the Union of Post Office Workers, this year's president of the TUC. He presented Mr. Dewhirst with a copy of The History of British Trade Unions and wished him many happy hours perusing it.

With relief delegates then gave a warm welcome to Mr. Bill Cross, president of the Blackpool Trades Council. Once more they were back on safe and familiar territory.

Mr. Cross warned the Government to keep its hands off the unions. The right of picketing was as fundamental as the right of workers to combine, he said.

In addition, there should be annual re-selection of Labour MPs to ensure that a future Labour Government was more accountable to the movement.

Mr. Cross ended with a rousing call for the movement to give 100 per cent backing to a programme of action to "put the wealth of the nation under control of the working people and their families for all time."

Yet, as Freud told us, the flight from unpleasant reality can take many forms, including a regression to the comfortable days of one's childhood.

Thus it was that one delegate later urged the movement to solve its difficulties by a return to the days of 1945.

In that idyllic period any difficulties with the unions were soon sorted out by the Labour Government. All it needed was a telephone call from No. 10 for Arthur Deakin and the other big union bosses to shove their unruly members back into line.

Ah, those were the days!

# Delegates united against planned Government reforms

A MOTION calling for the mobilisation of the resources of the resources of the entire trade union movement against the Government proposals for the reform of union legislation was unanimously approved at the TUC annual Congress in Blackpool last night.

It instructed the TUC General Council to "resist vigorously fundamental attacks on trade union rights" and to initiate a national campaign of publicity and propaganda against the Government's proposals.

The motion also demanded that the next Labour Government should repeal any changes that the Conservative administration makes on labour relations law. It wants a Labour Government to "re-establish the existing legal rights of workers and unions in strengthened form."

But the resolution still leaves the way open for the general council of the TUC to continue talking with Mr. James Prior, Employment Secretary about the Government's plans. Several union leaders made it clear, however, that this was much against their wishes and they would have preferred the TUC to break off all talks with the Government on the subject.

The changes now underway by the Government envisage greater protection for workers who refuse to join a union in a closed shop, the restriction of secondary picketing and the provision of Government funds to allow secret ballots to be held by union members.

The motion made no mention of direct industrial action to defeat the Government's proposals but Mr. Joe Wade, general secretary of the National Graphical Association, which proposed the resolution, made it clear that it may be necessary for the unions to use their industrial might to convince the Government.

The wording which was adopted was a composite motion watering down some of the more hostile resolutions which originally appeared on the agenda. It was seconded by the Union of Construction, Allied Trades and Technicians and by 10 other unions including the Transport and General Workers.

The resolution "viewed with alarm" the changes which the Government wants to make and claimed that these would weaken the democratic rights of trade unions. It told the general council to provide help and advice to unions about the practical implications of the changes and to offer support to unions which were subject to "pernicious judicial interpretation" of current labour relations legislation.

JOE WADE
Warned of erosion

Mr. Harry Urwin, chairman of the General Council's Employment, Policy and Organisation Committee, described the Government's plan as "an attempt by big business to weaken the bargaining power of the trade unions."

He said that it was evident that the Government had become the legislative instrument of big business.

Nonetheless, he strongly warned members against insisting that the TUC should break off talks with the Government.

He said: "It would be unwise to think of breaking off discussions of any kind. While there is a chance fo diverting them from this disaster course we must be willing to do it. This is an extremely difficult problem."

He called on the Congress to present a united front by giving unanimous backing to the motion.

Mr. Urwin was also concerned about the Government's intention of modifying the Employment Protection Act and argued that this was being done at the behest of the CBI.

"This is a pay-off by the Tory Government to big business for the huge funds they put at the disposal of the Tory Party to get elected."

He described the Government's proposals on the closed shop as "gobbledegook." He said it could lead to people who intended to leave the job merely using the legislation as an opportunity to claim damages from a union. It would mean that all sorts of people would be able to ride roughshod over the unions.

He said that the TUC stood firmly by its own voluntary scheme for dealing with complaints about the closed shop.

Its independent review committee had proved exceptionally satisfactory.

On the question of secondary picketing, he maintained that the police had adequate power to deal with any abuse.

"The term secondary picketing has been used as a smokescreen to unleash a major attack on the trade unions," he claimed.

There were, he said, many unanswered questions about the Government's intention to provide funds for secret ballots to be held. What if employers refused to abide by the result of sucha ballot? Mr. Urwin claimed that the Government was trying to use this particular proposal as an inducement for the TUC to accept the other parts of its legislative package.

Mr. Wade said that labour legislation was being systematically eroded by judicial decisions against the unions. The courts had been narrowing the scope of trade union immunities.

The motion was asking for support for unions whose fundamental rights were under attack.

"We don't just mean moral support or even financial support but if our opponents will not listen to the voice of reason they may feel the weight of our industrial strength."

What the Government really wanted in industrial relations was the shackling of the unions and the erosion of their legal rights.

The message should go out that the Government would meet with head-on resistance to its proposals and not merely token resistance.

If anyone doubted the effectiveness of such trade union campaigns they should remember what happened on previous occasions when a Conservative Government attempted to impose unworkable and impractical policies on the unions.

Mr. Les Wood, general secretary of the construction workers, sai dhis union would have preferred to pull out of talks with the Government altogether rather than carry on with what was little more than a charade. It was not enough to say that legislation must be enforced once it was on the statute book. He asked what chance of success there was for it when one-third of the national labour force who belonged to trade unions was against it.

Mr. Alan Sapper, general secretary of the Association of Cinematograph, Television and Allied Technicians, said that the attacks against the unions had to be rebutted by the entire movement. The Government ha d launched measures to weaken the movement by increasing the power of capital and reducing the power of labour.

For the bakers' union, Mr. Paul Kennedy, a branch secretary, wondered how the trade union movement could talk to a Government which seemed to have lost all sense of reason. There was always trouble when a government acted on the basis of class interests.

Tony Kirk

Mr. Tom Jackson, TUC president, mops his brow during yesterday's opening session.

# Unions will not restrain wage fight, says Jackson

THE TRADE UNION movement could not and will not restrain wage demands when the Government had abandoned "all attempts to control the rocketing level of prices, withdrawn from consensus policies and deliberately fostered unemployment," Mr. Tom Jackson, president of the Trades Union Congress, told delegates.

The movement had to defend its members' living standards. This might mean fights over pay but if this happened it would not be political confrontation on the part of the unions. It would be the unions working in a free market economy which the Government itself sought to enshrine, perpetuate and extend.

"The retreat from Government intervention and the reliance on the market-place, coupled with an almost mystical belief in the efficiency of untrammelled capitalism, differentiates, our Government from all other governments in developed countries," said Mr. Jackson, general secretary of the Union of Post Office Workers.

"It is a retrogression not even contemplated in the U.S. and is contrary to almost all economic experience."

The movement had not been confronted with such a difficult position since the Second World War and Congress had to speak out in the interests of Britain.

"The present Government has turned its back upon consensus policies and seeks from its narrow ideological base to change society using the economic instruments which failed in the Thirties," Mr. Jackson said in his presidential address.

"What is on offer to the people of Britain today are the old discredited remedies of cuts in living standards and a massive increase in unemployment. This Government has reverted to type. And we are on the edge of the 1930s once more when we should be looking towards the 1980s and beyond."

Mr. Jackson said oil price increases were driving the world into a slump. What was more worrying than the attitude of the oil nations, however, was the stand taken by the Government and some industrialists that only a massive underemployment of resources would force the oil nations to price energy realistically.

The Government could be giving a lead for economic expansion instead of being tied to the view that wage bargaining can only be controlled by massive unemployment, Mr. Jackson said.

"This is a formula which I believe will be repudiated by all decent people but which, if allowed to continue, will severely damage our prospects as a nation and wreak havoc with the economic and perhaps even the social fabric of Britain."

The unions asked very little of the Government. They wanted the continuation of the welfare state, an attack upon inflation and an attack upon unemployment. These fundamental policy objectives were under challenge.

When the Government's performance and its promise was measured against those requirements it was shown to fail abysmally.

"The cuts in public spending will undermine the welfare state and consequently the quality of life of our people. For many who are dependent upon the social services these could mean the difference between life and death and certainly it will mean the difference between misery and well-being.

"And, as if that were not enough, they will lead to higher unemployment not only in the public service but also in the manufacturing and construction industries."

Cuts in development assistance, job creation programmes and industrial aid will also increase unemployment, he said.

Together with a tight monetary policy, production cutbacks and bankruptcies following a failure to invest and the discouragement created by high interest rates, all this meant that future employment prospects were as bad as they could possibly be.

Attacks on nationalised industries would do nothing for the country's economic future.

When the Government says the choice facing the trade union movement is a cut in living standards or an increase in unemployment the Government "lies," Mr. Jackson said.

"By its own actions it is at one and the same time creating unemployment and reducing living standards."

Raising prices for the poor to pay for large tax reductions for the well off had been a "cynical act" which would help to destroy any credibility this Government might have had.

# Weighell leads move to organise movement in support of policies

CONGRESS WAS warned by Mr. Sid Weighell, general secretary of the National Union of Railwaymen, that the TUC had to organise itself in such a way that it could mobilise the full strength of the trade union movement in support of agreed union policies on social and economic issues.

Unless it did, Said Mr. Weighell, the Government would take delight that the unions were only capable of passing resolutions, waving banners and rolling on their backs "like a bunch of retrievers."

Congress passed a motion, moved by the NUR, calling on the General Council "to examine how developments in the role, structure and services of the TUC can best be co-ordinated with similar developments by unions in order to mobilise the strength of the trade union movement as a whole in implementing agreed strategies."

The motion also asked the General Council to review the industrial committee structure.

The motion was overwhelmingly supported although a few groups, including the Transport and General Workers' Union, opposed.

Mr. Weighell indicated that the crux of the problem was that the TUC had to take a much more central directive role on industrial policies, such as the 35-hour week, through its 112 affiliated unions.

## Division

The Government was reactionary and its course would not be changed by the TUC simply passing resolutions.

No single group or trade union should be left to fight alone, said Mr. Weighell. That course led to "division and disaster."

"We have not to be able to deliver any policies to which we put our name," he said.

This necessarily meant that some unions would lose some of their autonomy.

Mr. Clive Jenkins, general secretary of the Association of Scieotfic, Technical and Managerial Staffs, seconding the motion, said the trade union movement needed to take an organised approach to its problems in the face of the present Government. He described members of the Government as "financial and physical looters of the nation's wealth."

Mr. Bill Sirs, general secretary of the Iron and Steel Trades Confederation, and Sir John Boyd, general secretary of the Amalgamated Union of Engineering Workers, had some misgivings about what the proposals would mean in practice.

The Association of Professional, Executive, Clerical and Computer Staffs remitted a motion calling on the General Council to produce detailed proposals to change the system of electing The General Council and based on principles suggested by APEX.

This followed advice from the General Council to Mr. Roy Grantham, APEX general secretary, that the Council would be examining the system.

The APEX proposals were virtually identical to those contained in a General and Municipal Workers' Union motion that was defeated on a card vote last year.

That would give automatic representation for unions with over 100,000 members, with those with 500,000 to 750,000 two seats, up to unions with more than 1.5m members getting five seats.

Last year's motion, the proposals in which could weaken the power on the Council of some of the largest representative bodies, was opopsed by som of the biggest unions, includin gthe Transport and General Workers' Union.

In remitting the motion, Mr. Grantham attacked the TUC for "complacency and disinterest" over changing the structure and said it should be "ashamed" of itself for its attitude towards womens' representation.

## Court decisions

● Mr. Jack Chambers, National Union of Teachers' executive member said unions had to intensify the fight against youth unemployment that was being worsened by a Government carrying out "unprecedented acts of social vandalism."

Mr. Granville Clay, of the TASS white collar section of the Amalgamated Union of Engineering Workers said recent court decisions had "hog-tied" the Advisory, Conciliation and Arbitration Service on union recognition issues.

In a reference to the Engineers' and Managers' Association, he said this had been partly fostered by the practice of unions using the courts to achieve recognition in what Mr. Clay described as "non-traditional" recognition areas for these unions.

## Today's schedule

**Trade Union Organisation on Industrial Relations—disputes procedure, TUC regional councils, Independent Review Committee, Equal Rights Committee.**

**Social insurance and industrial welfare—pension, health and safety, stress at work.**

## 'Workers facing similar difficulties'

MR. JOHN LYONS, vice-president of the AFL-CIO told delegates that economic difficulties weighed heavily with workers and families in both Britain and the U.S.

The economic difficulties seem to confound the solution-seekers in each country. The problem of workers in the U.S. appear to be substantially reflective of the problems of workers in Britain.

In the U.S. "the rapid price increases of recent years and the huge jump in recent months have not only created individual hardships, they have created a very unstable economy and have made an ideal platform for anti-worker, worker, anti-consumer, anti-Government policies, programmes and rhetoric."

Mr. Julien (Julien) Major, vice-president of the Canadian Labour Congress, said the use of fraternal greetings signified especially to "the enemies of free trade unions," the continued existence of strong workers' organisations.

# Anger as delegates vote to ban smoking

DELEGATES banned smoking in the conference hall for the first time in the Congress's 111-year history.

The victory against the militant smokers was struck by Bill Sirs, keep-fit fanatic and Iron and Steel Trades Confederation general secretary.

In an impassioned plea he told delegates: "Think of other people, think of the children, think of the people round you and think of the nation as a whole."

This sparked an acid response from the tobacco workers union leader Douglas Grieve: "Is this great conference of our going to make colleagues who want to smoke go to the toilets like naghty schoolchildren?

"I used to think I was offensive because I was a trade unionist. Then I used to think I was offensive because I was a Scottish trade unionist. But now I have to think I am offensive because I am a Scottish trade unionist who smokes.

"It doesn't stop there," he warned. "Next there will be no drinking and no sex. If there is a big enough group they will ban people with sweaty feet from the conference hall."

**Congress reports by Christian Tyler, Labour Editor: Alan Pike, Nick Garnett, Philip Bassett and John Hunt**

## Airlines bidding for BA routes to Channel Is.

THE CHANNEL Islands-based Guernsey Airlines and Aurigny Air Services are to apply to the Civil Aviation Authority jointly to take over British Airways' routes to the islands, which are due for closure next year.

Other airlines are also planning to apply for routes which British Airways will forgo. These include British Midland Airways, British Island Airways and Dan-Air.

Mr. Richard Ozanne, president of Guernsey's tourist committee, said it was essential that the Heathrow-Guernsey route should be maintained. "Guernsey cannot afford to become a backwater," he said.

## Manx results

NEWS of the Manx grand prix motorcycle races which start today and end on Thursday can be obtained by dialling 246 8020 in London and 8020 in most other places.

## OTHER LABOUR NEWS

# No prospect of early end to ITV dispute

BY GARETH GRIFFITHS

INDEPENDENT television is likely to remain blacked out for at least another week. Talks organised by the Advisory, Conciliation and Arbitration Service between the two sides in the dispute broke up yesterday.

There were indications that both sides remained as far apart as at the two previous ACAS interventions. Mr. Frank Chapple, the general secretary of the Electrical and Plumbing Trades Union, said there was no prospect of a return to work.

The 2½-hour long talks were held at a hotel near Preston. ACAS officials said they would remain in close touch with both the 15 television companies rep-

and Kine Employees. The general feeling is that ACAS will launch a fresh initiative either at the end of this week or the beginning of next.

The meeting had not been expected to produce a peace formula. But the Independent Television Companies Association had hoped it would lead to settlement talks later this week. The ITCA did not issue a formal statement last night, but officials said the talks had been postponed rather than broken down.

Mr. Alan Sapper, general secretary of the ACTT, said employers had not increased their 15 per cent pay offer. The three unions' claims are

# Carreras to cut jobs in Ulster

By Our Belfast Correspondent

THE 1,400 labour force at the Ulster factory of Carreras Rothmans is to be reduced by 400 over the next three years because of a re-equipment programme announced yesterday.

Sir Henry Marking, the chairman, said during a visit to the plant at Carrickfergus, near Belfast, that the company would spend £12m on the introduction of new machinery and technology.

He said the labour force would drop to 1,000, but emphasised this would be achieved through natural wastage, early retirement and voluntary redundancies.

Sir Henry said the programme would increase the efficiency of

# Olsen Lines sacks crew of car ferry

THE ENTIRE complement of the passenger car ferry Blenheim—about 200 officers and men—have been given the sack by the owners of the ship, said Olsen Lines of London.

A Fred Olsen Lines spokesman said yesterday that the reason for the dismissals was that the 9,000-ton vessel had been sold to Fred Olsen's Lines in Norway and would be re-crewed with Norwegian officers and Portuguese seamen.

The ship is operated in the summer as a ferry between Newcastle and Norway, but in the winter she switches to cruising. Her season from the Tyne expires in less than two weks and it is then that the 14-day notices, issued to the

ships, Jupiter, which also runs from the Tyne, and the Black Prince, are both owned in Norway and have Norwegian and Portuguese crews."

Mr. Alex McMullen, South Shields' branch secretary of the National Union of Seamen, where many of the crew come from, said yesterday: "We have told them there is no way they are going to run the ship as a foreign vessel outof the UK and throw 200 men on the scarp heap."

Mr. McMullen said the crew, from the master down, had received notice to quit last Friday, but a meeting had been arranged in London today between the company and union officials.

Olsens say the Blenheim has

# Post Office pay deals agreed

By Our Labour Staff

TWO PAY deals, each worth about 7 per cent have been agreed by the Post Office and the Union of Post Office Workers covering 35,000 staff in the telecommunications section and 150,000 postmen and clerical staff.

Both offers are the second phase of this year's settlement and th etotal amount is about 16 per cent. Both offers are subject to the approval of the union membership.

The settlement with the telecommunications workers is in line with earlier deals with Post Office engineers and clerical grades. The UPW has agreed to co-operate on improving efficiency in the telecommunications business.

# Benn call for public funded newspapers

PUBLIC FUNDING of newspapers on lines similar to the BBC was a question that had to be "quite boldly and openly faced," Mr. Tony Benn, MP for Bristol South-west, told the inaugural meeting of the Campaign for Press Freedom at Blackpool yesterday.

Mr. Benn also said that the time had come for the trade unions and labour movement to tell the BBC and ITV that it wanted television time in the same way as the churches.

If churches of various denominations were able to have their services on the air, why should trade unionists not be able to use professional advice to put forward their own

the labour movement. Both Mr. Benn and Mr. Bill Keys, general secretary of the Society of Graphical and Allied Trades, agreed, though, that any Left-wing paper presenting issues in a different way to the present press and media should not be linked to or controlled by either the TUC or the Labour Party.

The campaign, which has political, academic, union and media sponsors, aims to challenge the view that only private ownership of the newspaper industry provides for genuine Press freedom and to start a public debate on "alternative forms of democratic ownership and control."

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*Application forms from Sue Bridgett, Personnel Division, CBI, 21 Tothill Street, London SW1H 9LP. Tel. 01-930 6711. Closing date for applications September 17, 1979.*

**The Confederation of British Industry**
*Britain's Business Voice*

£6,000 accountancy appointments £9,000

**These advertisements appeared in the Financial Times on 28th August, 1979**

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| Financial Controller | £9,000 | South Essex | Personnel Resources |
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| Group Assistant Accountant | — | Watford | GodfreyDavis Ltd |
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**For the full text of the advertisement please see the Financial Times of that date or telephone Sally Stanley on 01-248 5597.**

# Group Assistant Accountant

The Godfrey Davis Group of companies, consisting of the largest daily rental and contract hire company in the United Kingdom, Ford main dealerships, holiday centres, residential home estates and caravan sales centres, plus overseas subsidiaries in Holland and Spain, are seeking to appoint two Assistant Accountants, who will report directly to, and work closely with, the Group Financial Controller.

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*Please reply in writing to:*

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Godfrey Davis

**POSITION:** CONTROLLER SHIPPING LINE + AGENCY COMPANY

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(b) Produce consolidated balance sheet and financial reports for the holding company management.

(c) Act as internal auditor for subsidiary companies and assure adequate controls through procedures.

(d) Plan and implement cash flow and cash requirements for subsidiary companies.

**REQUIREMENTS**

(1) 10 years' (minimum) experience in accounting and financial management with background with auditing firm or international company.

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Brief career details to
Michael Downey
Financial Controller
Bryant & May Ltd
Sword House
Totteridge Road
High Wycombe
Bucks HP13 6EJ

Bryant & May

IMO
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Please write or telephone in confidence to Mr M D Cutts, Commercial Manager

IMO
IMO Precision Controls Ltd,
349 Edgware Road, London, W2 1BS,
Telephone: 01-402 7333

TSB
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The successful applicant, ideally aged 23/30, will have an opportunity of developing his/her accounting career in a bank that blends conventional accounting systems with both main frame and mini computers.

A basic salary in the region of £6,300 is envisaged plus Central London Allowance currently £720 per annum. Additional benefits include a non-contributory pension scheme and mortgage subsidy scheme.

*Will applicants please write giving full details to:—*
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*Please submit full details to:*
Time-Life Books B.V.,
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New Bond Street,
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For attention: Ruth Dicksee

TIME LIFE BOOKS

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*Please apply in writing with full curriculum vitae to:—*

Christopher Craib
Group Chief Accountant
VIRGIN HOLDINGS LTD.
2-4 Vernon Yard
Portobello Road
London, W11

Virgin

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Please write with full details to J. Parkhouse, Stock Beech & Co, The Bristol and West Building, Broad Quay, Bristol BS1 4DD.

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Exciting young company, turnover c. £½ million per annum, in the fashion business and located in the Kingston area, require a CA or equivalent, age 25-30, with some business experience, to handle all aspects of accounting to include credit control, management reporting and budget preparation.

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CVs in the first instance to Box A.6879, Financial Times
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# Assistant Group Accountant

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Tel: 01-839 7361

## ACCOUNTANT

**(SURREY)**

Salary £8,000 + car Age 25-35 Ref: L1296

Our clients, a well-established and reputable insurance company, wish to appoint a qualified accountant preferably ACA to take charge of their internal audit function, reporting to the Chief Accountant. Some UK travel involved.

*Please telephone in confidence:*
Anthony J. Overs, MECI Director IPS Group (Employment Consultants) 01-481 8111

# MANAGEMENT

EDITED BY CHRISTOPHER LORENZ

# Guinness Peat fuels aircraft leasing

BY STEWART DALBY

LIKE a lot of money spinning schemes, the idea is basically simple. There are often surplus aircraft lying around. There are also a number of countries or private concerns either too poor to buy them or not interested in running and maintaining them. Why not, therefore, do a matching operation: find the small third world countries or private entrepreneurs who just want, say, one or two large Boeing 707s or 747s. Then relieve an airline which is re-equipping, and meet the demand, by leasing them as well as selling some outright.

The idea has been practised far and wide both in Europe and the U.S. Now, the international majors are increasingly confronting competition from an unlikely quarter in Ireland.

Since 1975, Guinness Peat Aviation, an Irish company based in the airport town of Shannon, in the west, has been growing fast. A private joint venture between Aer Lingus, the country's national airline and Guinness Peat, the merchant bank, it has sold or leased seven big aircraft so far this year. In its last financial year, to the end of March, it made £1.5m profits. Since all the aircraft go abroad, under Irish investment laws that means no tax is due (exports are not taxable and will not be until a new corporation tax law comes into effect in 1981). The £1.5m profit represented a return on capital employed of something over 100 per cent — capital employed being defined here as issued capital plus reserves.

## Struck home

The idea of building an aircraft leasing business by becoming an independent middle man—an aircraft jobber, if you like—really struck home to Tony Ryan, now chief executive of GPA, when he was in Bangkok as Chief Executive Far East for Aer Lingus between 1973 and 1975. This sounds very grand but what it really entailed was running an Aer Lingus 747, which the airline could not commercially use, on behalf of Air Siam which had leased it.

"We did very well. For the first year we went a bomb, made a million dollars," Mr. Ryan says. But after a while, seeing the huge profits which were being made on the Aer Lingus jet, Air Siam became over-ambitious, bought too many of its own aircraft, and its profits began to drop.

Guinness Peat Aviation was set up in 1975 as a brokerage concern. Tony Ryan was the third shareholder with 10 per cent of the company, Aer Lingus and Guinness Peat holding 45 per cent each.

All its competitors have strong financial backing, but GPA claims to be the only company of its type which combines a national airline with a merchant bank. Tony Ryan reckons that a used Boeing 747 will easily cost $30m and a second-hand 707 at least $6m. A good merchant bank which can arrange the finance through mainly European banks and eurofinancing is obviously an immeasurable asset.

After finance, the other key ingredients of this highly entrepreneurial business are contacts and speed in the matching of supply to demand. Not only must you know which aircraft are likely to become available, and where, but you must be able to jet out there at a moment's notice to beat your competitors to the deal. The same applies to the identification and signing-up of clients.

So Tony Ryan and his vice-presidents each travel about 400,000 miles a year. One man, the vice-president for research, has the job of scouring the world, keeping in constant touch with airlines and knowing what is available. Others go constantly to Nigeria and Iran and numerous other points to lease the aircraft. Excluding secretaries, there are 11 staff in all.

The executives are paid on a system of bonuses. They are all fairly individualistic, and do not all have an aircraft background. Tony Ryan, now 43, has himself been with Aer Lingus since he was 19. He left school at 15 and is a little vague about what he was doing before he joined Aer Lingus. "I learnt how to shave and the normal things teenage boys do." While in the U.S. with the airline (from 1966 to 1972), he finally went to college to the University of Chicago business school.

Guinness Peat Aviation's first foray was into brokerage. But here the gross margin on a deal averaged out at only 3 per cent. As GPA's confidence grew it started to buy and sell aircraft and the mark-up improved. It was only with the start of leasing that the value added involved really jumped, however.

## Offshoot

The company now goes in for two kinds of leases: "Dry leases" and "wet leases." A dry lease is where the aircraft is simply leased out and the lessee takes over. A wet lease is where GPA supplies the pilots and maintenance staff and looks after the overhaul of the aircraft. To date it is not providing cabin staff. But in order to undertake wet leases it has had to set up a separate offshoot, Air Tara, as an operating subsidiary. Air Tara has the advantage that when a complete overhaul is needed the aircraft can be brought back to Shannon and Aer Lingus, with which Air Tara obviously has close links, can do the job.

At the moment GPA has eight aircraft out on lease, of which two are wet leases—to Nigeria Airways for short range 737-200s.

Besides the aircraft with Nigeria Airways, GPA has 707s and other 737s out to Cargo-Lux and Bahamasair. There is also a marketing agreement with Iran Air, basically to find a home for some of that airline's 747s, and there are the purchases and sales.

Taking everything into account, the sales, the renting from airlines (the company does not necessarily own the aircraft it leases out), the money involved in brokerage, it is obvious that the capital required to fund the business can be enormous: it can easily reach $200m in a year. This is why the merchant banking connection is so important.

Despite his long history as Mr. Aer Lingus, Ryan says he is not messianic about aircraft, like, say, Sir Freddie Laker. But in setting up GPA he has proved himself a very eligible member for what is in Ireland a very small club; that of home grown entrepreneurs. Asked to name Irish businessmen who could stand up alongside international competition, people might name Michael Smurfit or Tony O'Reilly, the president of Heinz, but then they begin to falter.

Despite his protests that he will not be able to keep up the travel indefinitely, Tony Ryan gets very excited when discussing his next possible venture, leasing aircraft to China. He was invited to take part in the recent Irish trade mission to China and says that the Chinese showed great interest in his company. "The Chinese have got 10 707s, 35 Tridents and a mixed assortment of early Russian aircraft. The potential is obviously there," he says.

With the world's leading airlines now re-equipping on a massive scale, it is not only the demand side of the equation which is about to boom.

Peter Ledbetter (left) and Tony Ryan: Moving swiftly to match supply with demand

# Why German women are kept out of the executive world


WHAT IS it about 40-49 year-old German businessmen that apparently makes them more misogynist than any other age group in the Federal Republic?

This is just one of many questions about the role of women in business to be thrown up by two new studies. Just about the only certainty to emerge is that women executives have a very tough go of it indeed in this country of traditional concepts of male and female roles.

The annual study of management salary structures by Kienbaum Unternehmensberatung in Gummersbach (near Cologne) found that only 0.9 per cent of the 880 top executives taking part in the survey were women, while only 2.3 per cent of the nearly 5,000 middle-level managers responding were female. This compares with the nearly 40 per cent share of women in the German work force.

The study also found that women are confined to executive positions in line with traditional role-playing, are worse-paid than their male counterparts, and given the age structure of women executives surveyed are actually likely to decline proportionally in management ranks in the near future.

A separate study by Carl H. Liebrecht Personnel Consultants in Frankfurt attempts to gauge the attitudes of male managers to their female colleagues. While the study affirms that a majority of male managers, especially in younger age and lower salary brackets, are in favour of women executives in principle, they are a bit more hesitant when the question becomes more concrete and are still governed largely by traditional role concepts in judging what qualities make a woman executive desirable (or undesirable) and which industries or positions are most suited to women managers.

The numbers provided by the Kienbaum study substantiate what any casual survey of the German management scene readily indicates—there are practically no top female executives. The six women responding to the Kienbaum survey were all from companies employing fewer than 500 people. Worse, five of them were shareholders in the enterprise where they were employed—leading to the conclusion that ownership is practically the only entree for a woman to get a top position.

The portion of women executives in middle management, notes Kienbaum project director Heinz Evers, has hardly changed in the course of 20 years. The average age of the female managers is 46.4, 2.4 years higher than the corresponding male average. Moreover, 17 per cent of the women managers are in the age group 55-64, compared with 10 per cent of the male managers. "The age structure makes it likely," concludes the Kienbaum study, "that in the future the proportion of female top managers will decline on the whole."

Women are most strongly represented in personnel positions, where they account for 9 per cent of all department directors. Further concentration is found in other administrative, as opposed to customer or production, functions, especially accounting, finance, market research. "Plant managers, production supervisors or chief engineer are career goals that women, due to handed-down role understanding, almost never aim at," comments Evers in his article. Women also are under-represented in sales, at every level, he notes.

Further evidence on role categorisation comes from branch concentration of women executives. The textile, leather and clothing industry claims the highest number of women. Plastic and rubber is second, printers and publishers, third, precision mechanics and optical, fourth, transportation and housing, fifth, and wholesale and retail, sixth—no heavy industry.

Perhaps most dismal is the finding that women managers as a rule receive salaries that are 20 per cent and more below that of their male counterparts. "This difference is primarily based on sex," notes the Kienbaum study.

The Liebrecht study analyses the data from 719 male managers responding to questions about their attitudes to women executives. The questionnaire was sent to 4,000 executives altogether. Liebrecht explains that he would like to have the obvious counterpart—a survey of women executives' about their male colleagues—but has been unable to carry it out because he cannot get enough addresses of female managers.

To the theoretical question of whether they would accept a woman as boss, 76.9 per cent of the respondents said yes. Affirmative answers came from 80.6 per cent of those 39 and younger and 87.1 per cent of those—presumably the youngest—earning less than DM 60,000 a year (£14,600). This affirmation declines when Liebrecht makes the question a bit more concrete—would you want a woman as an equal colleague in a management position? "Yes" answers slipped to 66 per cent of all respondents.

That traditional conceptions of feminine qualities and women's roles still govern attitudes becomes evident with the more detailed questions about the advantages and disadvantages of women managers. Asked whether women generally are as capable of fulfilling a leadership role as men, 52.7 per cent of the respondents said yes, and only 6.7 per cent answered no. The remaining 40.5 per cent responded "conditionally."

Those with negative or conditional responses were asked what made women less suitable for management positions. Two-thirds of these felt that women generally are too strongly guided by their emotions. Nearly as many, 64 per cent, felt that the double burden of work and family is a drawback. Other reasons given often were that women are less able to bear up, are less objective, have less ability to follow things through, and are more likely to get sick.

Less conclusive—one would need the corresponding survey of women as a check—are the answers regarding traditional "feminine" virtues as qualities enhancing a woman as an executive. Here, 77.2 per cent of the respondents put charm at the top of the list, followed by feminine diplomacy, attractiveness, taste in fashion and erotic attraction.

Perhaps the most provocative question—and the one most in need of its counterpart— is whether an attractive woman boss and her male peers or subordinates could maintain a non-sexual relationship over a longer period of working closely together. Three-quarters of the male respondents answered yes, while a further one-fifth agreed it could be done "with effort." Only 3.5 per cent felt it couldn't be done.

The Liebrecht study also echoes a finding of the Kienbaum survey. The male managers were asked to list those sectors where women are likely to have better chances of reaching management positions. Top on the list was clothing and textile, followed by fashion, cosmetics and perfume, retail and trade, and public relations-advertising-market research.

Certainly the most daunting findings of the 62-page study are some of the additional comments from those surveyed, appended to the statistical information. One observation from a project director in the 40-49-year age group (which emerges curiously as the most consistently misogynist in the study) reveals the sort of obstacle aspirant women executives are up against:

"The public discussion is going in the wrong direction. For 'woman' could be substituted 'Negro' or 'physically handicapped.' Examples: Martin Luther King, Cassius Clay, Abraham Lincoln (sic) . . . When you're good, then your presumed disadvantage becomes an advantage, and vice versa. But there are fewer good ones among women than men."

**Darrell Delamaide**

# Technical News

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● REFRIGERATION

## Keeping it cool in the van

REFRIGERATION for light delivery vehicles has been reduced to a convenient two-piece system in the Hubbard 480 unit in which the separate electric standby package for off road use has been eliminated.

In the new design the standby motor-compressor is built into the main condenser section instead of being mounted independently under the vehicle—reducing the amount of refrigerant piping installed by the body-builder. The company also claims that by connecting the standby system into the condenser in the factory under controlled conditions there is less risk of contaminants getting into the refrigerant and site installation costs are reduced.

Refrigeration is achieved on the road by means of a main open compressor which is mounted under the bonnet and driven from the vehicle engine crankshaft or from a gear-box power take-off.

Four versions of the 480 are available, for temperatures down to +3 and −20 deg. C, each with either single or three phase standby motors.

Typical cooling capacity when operating on truck compressor drive in an ambient temperature of 30 deg. C (86 deg. F) is 2100 KCal/hr (8400 BTU/hr) for a box temperature of 0 deg. C.

Hubbard Engineering Company, Hill View, Otley, Near Ipswich, IP6 9NP (0477339 522).



● INSTRUMENTS

## Seeks stray metal in timber

STRAY PIECES of wartime shrapnel, burying themselves into hedgerow saplings some 35 years ago can represent an industrial hazard today.

This risk, along with those from many other sources of tramp metal in timber, is why a new instrument for "frisking" standing or felled timber has been developed by Protovale Electronic Research Instruments.

Stray metal in timber can be a danger to sawmill operators, cause expensive damage to plant or reduce the worth of apparently sound timber. This applies especially to long-standing hedgerow timber—such as the large amount of diseased elm now being felled—in which barbed wire, nails, fencing, etc. may be deeply embedded or overgrown.

The instrument is the "Totalscan." It uses a pulse induction technique which, though well known, has not hitherto been adapted for industrial use, so far as the company is aware.

U.K. meter specialists, Sifam, co-operated with the makers in the specification of shock-resistant, taut-band meters—used to signal to the operator the presence and size of tramp metal—which would be suitable for use in the rugged, dusty, all-weather environments of forest or sawmill. In addition to the meter reading, an audible tone through a built-in loudspeaker (or headphones) warns when metal is detected.

At the sawmill, the instrument is used primarily to check timber to reduce saw-doctoring costs and mill down-time, as well as for safety reasons. In the forest it can reduce hazards for chain-saw operators, as well as help timber buyers to assess the true value of standing or felled timber prior to transportation to the mill.

Other applications include the scanning of grain and silage for metal, the location of lost tools and parts, overgrown or buried pipes and drains.

Protovale says simple, two-control operation, and "self-tuning" mean that it is suitable for use by unskilled personnel. It is powered by rechargeable nickel cadmium batteries which will give nine to 10 hours operation.

Protovale Electronic Research Instruments, Unit S11 S.E., Kingston Bagpuize, Abingdon, Oxfordshire. 0865 820945.

## Movement in water traced

SUB-AQUATRACKA describes an instrument from Oriel Scientific which is able to detect the presence underwater of fluorescent compounds and is used to determine sea movement, trace pollution and find underwater pipeline leaks.

Housed in a robust sealed cylinder 500 mm long and 130 mm in diameter with appropriate optical windows, the instrument excites fluorescence in the water with a pulsed light beam and measures it via a second, receiving optical channel. A voltage output is cable fed to the surface where an electronic unit plots concentration in micrograms per litre against time.

This underwater fluorimeter can be used to trace dyes, or for chlorophyll detection in the marine, inland reservoir and river environment. It can work down to 400 metres depth and due to its small size can be banked together with a number of similar instruments to carry out simultaneous analyses. It consumes only six watts from a 24 volt source.

More from the company at P.O. Box 136, Kingston upon Thames, Surrey KT1 1QU (01-549 4525).



● COMMUNICATIONS

## Chances for information vendors

DEVELOPMENTS in videotex systems (viewdata) on a world-wide basis are creating major new market opportunities for vendors of information.

The most encouraging aspect of the growth of these systems is that public and private capital is being invested in their success.

These are two of the lessons emerging from the three-volume report on videotex in Europe issued by Butler Cox and Partners in London. The report, submitted to sponsors of the Butler Cox study, is bullish about the future of videotex systems and the prospects for private enterprise participants.

But, it says, many of the dominant positions in the most attractive markets are being seized upon. "There are near-monopoly positions to be taken in some of the markets. Firms like Eastern Counties Newspapers, New Opportunity Press and ABC Travel have already taken up positions that will be hard to challenge. Sitting back and waiting till it's easy and convenient to try to carve out a major market share will lead only to failure.

"Videotex is a volume business. Early market entry and a dominant role are essential. Firms making half-hearted plans for the mid-1980s might as well forget all about videotex."

The report is in three volumes with a separate executive summary. Volume 1 is about the principles of videotex, main parties involved, issue of transmission and display standards and the emerging business and residential markets.

Volume 2 examines the background, progress to date and future plans of Britain's Prestel public video service, while Volume 3 is about plans and developments in 13 countries in Europe which represent over 70 per cent of Western Europe's total population of 400 million, and over 90 per cent of the 260 million population of the nine EEC countries.

This volume also investigates the response to videotex of a number of key industry sectors across these countries including publishing, travel, marketing, on-line, banking and education.

Butler Cox, Morley House, 26, Holborn Viaduct, London EC1A 2BP. 01-353 1138.

● MATERIALS

## A very thin film

POLYESTER FILM only one and a half millionths of an inch thick (1.5 microns) is now being produced by Du Pont in the U.S. and will allow the production of even smaller metallised film capacitors.

As electronic circuits become progressively smaller together with the voltages at which they operate, the need for smaller associated discrete components becomes more pronounced which, so far as capacitors are concerned, implies thinner and thinner dielectric films.

The latest Mylar product from Du Pont is only about one fortieth the thickness of a human hair which means that it can be wound into very compact spiral rolls producing high capacitance per unit volume.

Furthermore, the material has high dielectric strength, has good resistance to ageing (resulting in good capacitor reliability) and has a service temperature range from −70 deg C to +150 deg C.

More from Du Pont (UK), 18 Breams Buildings, Fetter Lane, London EC4A 1HT (01-242 9044).

● PROCESSING

## Weighs it all up

A WEIGHING system which will automatically, but separately, weigh eight ingredients into a hopper has been devised. The separate weights that are to be included in a production batch are preset on a control unit.

When a measuring sequence is initiated the control will open the metering valve of the first ingredient until the increase in weight signalled by a load cell indicates that the correct proportion has been supplied. The first valve will then be shut and the second metering valve opened. The procedure is repeated until all eight ingredients have been measured, in sequence, into the production hopper in their correct proportions.

The equipment is a development of the Selectamix industrial weighing equipment devised by the Chiswick Division of the British Aerospace Dynamics Group at Manor Road, Hatfield, Herts (Hatfield 62300).

Selectamix is a microprocessor system which incorporates Random Access Memory (RAM) and Erasable Programmable Read Only Memory (EPROM) facilities and is compatible with most existing computer installations.

● COMPUTING

## Simpler program changes

ACCORDING TO a two-year-old company called Computer Sense there remains—even in 1979—a serious impediment to the success of small computer applications due to inflexibility, difficulty of modification and even problems of understanding and using packages for business routines such as payroll, ledger and so on.

Chairman Peter Crozier, who has been with ICL, Honeywell and Arthur Young Management Services, started the company with physicist colleague John Rowan with a view to removing the need for all computer knowledge on the part of the package user providing a product that could literally be changed at will by the lay user and yield, on any micro or mini using Basic, almost any business function.

Although "anyone can use" claims are made at regular intervals by the software industry, a private "hands-on" demonstration to the FT showed that modification of a program is indeed a simple keyboard/VDU operation with plain English guidance on the screen.

In this way the kind of data held, the way it is processed and the nature of the reports produced can all be altered with ease.

The company provides an initial package, say for payroll, which meets the needs of perhaps 25 per cent of potential customers. However, if it does not suit, or the purchaser's affairs change to demand a different program, only a few hours' work at the terminal by any reasonably intelligent layman will provide the necessary modifications.

With a little more expenditure of time a whole new package can be brought into play: the company claims for example, that starting with payroll or ledger, stock control can be created in a day or two.

Crozier points out that since what he is supplying is a set of tools to make software rather than the software itself, it hardly matters if the user gets his package wrong: he simply has another go or modifies until the desired outcome is achieved.

The result, he claims, is that systems can be up and running in weeks rather than months and at a cost that is much lower than that for invoking professional DP staff, internal or external.

The approach also gets over the endemic problem in this area that users frequently do not know what they want until a notional system is given to them; after which they are disappointed to find it is not what they really wanted.

Computer Sense's demonstration system runs on a PDP 11 and Crozier says anyone is welcome to play with it, for a that allows the changes to be not believe his claims.

For microprocessors the cost of a starter module to deal with, say, payroll is £250. The module that allows the changes to be made can only be rented ,at £25 per month.

More from the company at 57 Hoxton Square, London N1 (01-729 1778).

# PHILIPS–A WHOLE NEW WORLD OF KNOWLEDGE.

Today, Philips are going to spend over one million pounds with you in mind.

We're using this tidy sum on research and development to build a whole new world of knowledge that benefits everybody.

Because at Philips, new ideas don't gather dust. They gather momentum. And are turned into worthwhile new products we can all appreciate: new technology for our homes, our hospitals, our schools and our places of work. In fact, our complete environment.

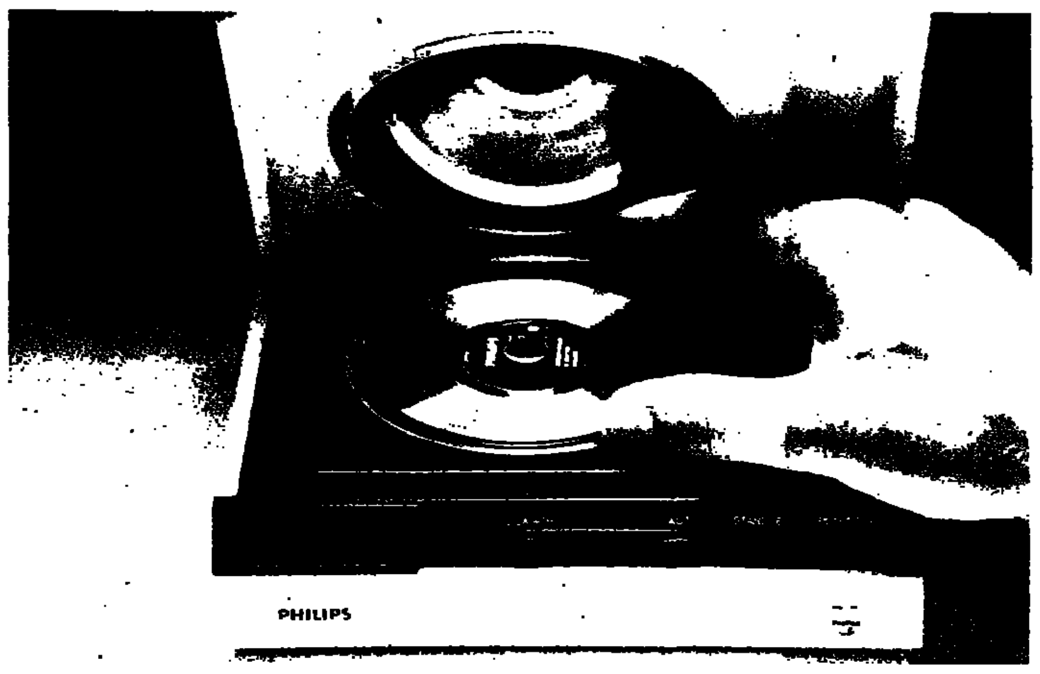
The most interesting thing of all is that there's nothing particularly special about the million pounds we're spending today. Because we spend over one million pounds *every* day to widen our knowledge and produce even better products for you.

Here are just some of the ways in which that £450 million a year is spent on research and development helping to keep Philips simply years ahead.

## The super-sensitive 'Night Eye' that lets you see in the dark.

We're helping people to see in the dark with an amazing new type of Image Intensifier.

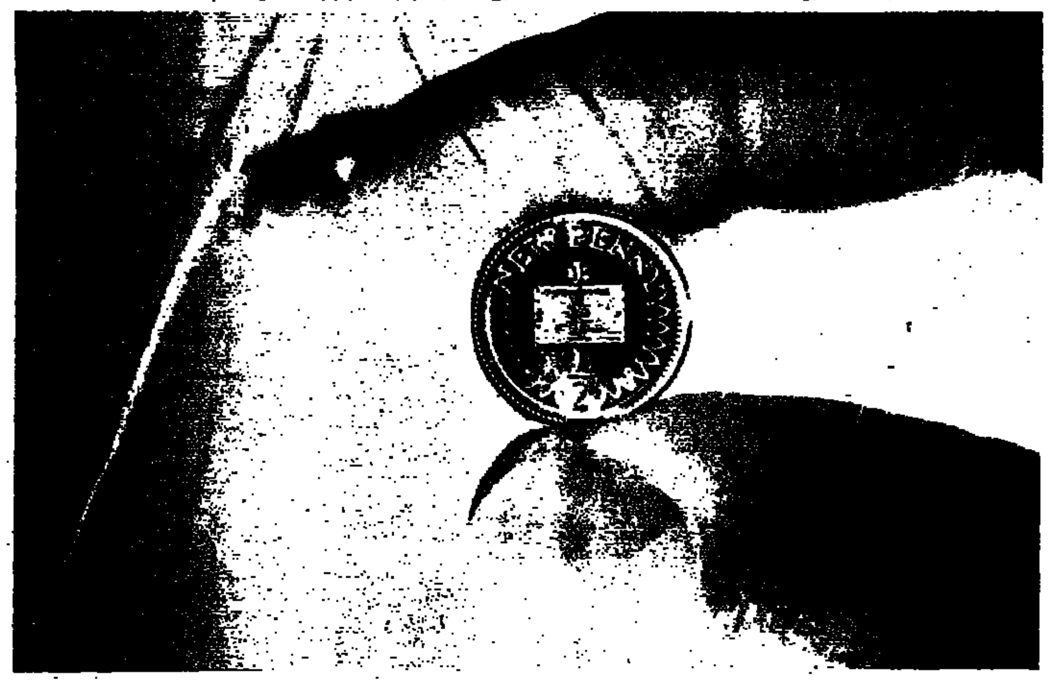
The system gives a high definition picture without the need for additional directed light beams. Already this new Philips development is playing a major part in the campaign against crime.




## Hi-Fi that has a friction-free laser instead of a stylus.

For the future, we have an ultra high-fidelity stereo system that uses a laser beam to play records.

The special mini-discs it uses will play for an hour. And by avoiding stylus-to-disc contact surface noise and wear are totally eliminated.



## The world's most advanced Teletext chip.

A silicon chip that can process millions of pieces of information a second!

This remarkable development from Mullard, a member of the Philips Group, is part of the new world of electronics – helping to build another great industry for Britain.

## We're even helping in the fight against cancer.

Philips Linear Accelerators for cancer therapy are installed in specialised Treatment Centres the world over.

They have already helped to save many lives.

And the research goes on.

**PHILIPS**

Simply years ahead

PHILIPS

Philips Industries, Arundel Great Court, 8 Arundel Street, London WC2R 3DT

LOMBARD...

# The politics of energy saving

By JONATHAN CARR IN BONN

A CURIOUSLY encouraging thing happened in Bonn the other day. The Economics Minister, Count Otto Lambsdorff, publicly admitted that West Germany would probably not meet the oil savings target for this year set in March by the International Energy Agency (IEA) countries. Mind you, he added, Germany would be in good company since virtually no other major IEA state would meet the target either.

And what, you may ask, is encouraging about that? The answer is that Count Lambsdorff was blessedly candid about a topic customarily treated with a lot of cant. After all, he could have noted that the IEA target was to save 5 per cent of expected oil consumption in 1979—and that Germany was bang on schedule. Who could prove him wrong? No one ever seems to have known just how much oil Germans would consume this year. So the temptation for a politician to claim that 5 per cent of an unknown quantity has been saved through forceful leadership and the sensible attitude of the public must be almost irresistable, particularly with a general election coming up next year.

## Not precise

If the IEA target seems to be a will o' the wisp, surely the firm action taken at the Tokyo summit conference in June corrects this. Did not the western world's seven major industrialised nations underline their determination to deal jointly with the oil crisis by making precise commitments subject to monitoring? At first sight this might appear so—but the final communique is really a wondrous document conveying the impression on the one hand that almost everyone has been pinned down while, on the other, allowing almost everyone an escape route. Some observers, for example, might have been forgiven for thinking that West Germany had agreed not to import more oil in 1979 than in 1978—and that an increase of its crude oil imports of 18 per cent in the first half of this year tended to indicate the commitment would not be fulfilled. They will have to think again. The commitment was not as precise as they believe. Besides, German imports of oil products have fallen in the first half, although imports of crude have gone up.

Quite apart from all that, the European Community countries and the U.S. are at odds over just what the European import figure covers. Does it include North Sea oil? This dispute is less a product of machiavellian communique-composition than of lack of time. The Tokyo summitteers were already packing their bags to go home when the problem arose.

Hardly had the summitteers returned home from Tokyo than the French President was on the phone pressing for the follow-up talks to be held — you've guesed it—in Paris, at ministerial level virtually right away. The Germans agreed on the city and the level — but wanted to go on holiday. The Japanese and, apparently, the Americans thought the meeting would be in Tokyo in September. The British felt it would be better to wait until October, after a planned European Community energy council session. The Dutch had not liked the Tokyo summit in the first place since they were not invited and liked the idea of a follow-up conference no more. They are among those who want to work mainly through the IEA — but the French appear to despise the IEA (they have never joined) and are trying to outflank it. It will be interesting to see how they react to ingenious plans from some of their friends to introduce the IEA to the follow-up conference by the back door. There should not be long to wait since, barring accidents, the gathering will begin later this month—in Paris.

## Serious

Some may feel this is the heady stuff of which international politics is made—and no doubt it keeps many of the leaders of the OPEC states in great good humour. But let us go back to first principles with two questions. First, is it true that the Western world will face an oil supply problem with serious economic consequences unless it starts right away effectively to save energy and develop alternative sources? Second, is there not a grave danger of confrontation between the U.S. and her allies over oil, which could spread to affect other matters vital to European well-being and, indeed, security? If these are true, and there is much evidence to suggest that they are, then it must also be clear that the Western response so far has come nowhere near to matching the danger.

# The complex mind of the film viewer

FILM AND VIDEO

BY JOHN CHITTOCK

THERE IS no longer much doubt that television and film can wield considerable influence over the social attitudes and behaviour of people. There is controversy about the extent and nature of this influence: the validity of certain research conflicts—as witnessed earlier this year in a cross-current of argument published in the Royal Television Society's journal, Television, by distinguished researchers such as Professors Eysenck, Halloran, Dr. William Belson and psychoanalyst Victor Kanter.

What might be agreed is that because people are complicated and their personalities and views derived from a slow process of environmental influence, the isolation and assessment of contributory influences is difficult. The build up of attitudes is not much different from the process of psychoanalysis—likened to removing the layers of skin on an onion: more than one person so analysed has been told "it took you 30 years to get like this—don't expect to change in a few months."

## 20-hour week

Nonetheless, television and films are on of the most substantial of these environmental influences. British TV viewing alone accounts for 20 hours per week per capita; and the impact of TV is more authoritative, insidious and emotionally sustaining than the hours spent over typewriters or lathes, gazing out of railway windows or digging in the garden.

Through the medium of the sponsored documentary film, I have experienced over the years a microcosm of that television viewing public. While the emotional effect of a film is heightened when seen in a group, the reactions of people to sponsored films might be fairly regarded as the quintessential reactions of the television viewing masses.

Certain ground rules are now accepted in regard to the sponsored film, the effects of which can be more precisely monitored than those of a television programme. Films aimed at specific audience groups will not only be more effective, but generally better appreciated by groups for whom they were not intended. Unconscious attitudes will be changed after the viewing of a sponsored film — more so when the intention of the film is obliquely aimed or openly confessed (compromise is suicidal). The style of the film and its creative quality will have an over-riding influence on the audience, which will accept almost anything from a film which has a consummate confidence in its direction but will reject a film which tries too hard and looks clumsy in the attempt.

Such thoughts have flooded my mind in the last two weeks as the influence of television affected my own attitudes on the subject of violence. First the murder of Lord Mountbatten and others, then the gripping television documentary about another murder, *Circuit Eleven Miami*, where cameras have followed the proceedings of a real trial in the U.S.

What would be the reactions of the television public if, before any of these programmes, a card had first gone on the screen saying: "This programme should be seen only in the presence of an experienced social worker"?

Words such as these preface the notes with a Family Planning Association/Health Education Council film on sexual relationships. Called *Loving and Caring*, it has been on release for nearly a year and enough experience has been gathered to confirm that it is a successful and provocative exercise. Unlike other sponsored films, I viewed this and talked to its producers with the specific thought of paralleling this experience with what I, and millions of others, have been seeing on television.

*Loving and Caring* is five short episodes, very simply presented, about a boy who wants to have sexual intercourse with a new girl friend. The different dilemmas and the different points of view emerge as the episodes shift from Boy and Girl, to just Boys Talking, Girls Talking, Mother and Daughter and Parents' Talk. The style and scenery of the studio is extremely simple, just like a television studio set for a low budget early evening programme; actors are used throughout, but in roles with unscripted dialogue.

We thus accept this film is not trying to be something it isn't, and there is no unconscious tendency to dismiss it. We know it's not trying to be real (indeed, the notes say that the film contains "no factual information") the aim is simply to stimulate discussion.

In these circumstances, the printed advice accompanying the film is that the discussion should take place only in the presence of an experienced group worker. What would the experts say if, instead, the discussion took place on the train to work the next morning—as no doubt happened in hundreds of railway carriages after the TV screening of *Circuit Eleven Miami* and the news coverage of Lord Mountbatten's murder?

*Loving and Caring* recognises the dynamite it is handling. Unlike so many sponsored films, it has no stated objective other than to promote discussion. It offers no single point of view but all points of view: the parent who says to the father of the girl "but you did it when you were young didn't you . . . ?"; the boastful girlfriends; another girl who says "you have to think about these things." It is almost bland (and not always convincing); but the issues are all there and there is no ambiguity in their presentation. What will emerge is thoughtfulness and a real chance for children and parents to examine the issues without risk of undue influence one way or the other.

This careful attitude in the film is no accident, but the result of research before the film was made and also further research before it was released.

We have witnessed the beginnings of some care in the mass media when, thankfully, IRA murders are no longer accorded the status of assassinations; but if an educationist or sex teacher was handling the presentation of television news, what would he feel about the effect on young people of the sheer morbid excitement of police frogmen, helicopters and cars dashing their youthful prisoners into courthouses . . . "he waved at friends in the court"?

I do not presume to know the answer. And whereas I am sure that a child psychologist would have done quite a censorship job on *Circuit Eleven Miami*, I have to confess admiration for the way in which this programme used the power of film to parallel related events; it made me think about the minds of violent murderers, about not only their victims but the futility, stupidity and sadness of their own lives.

## Balanced

That cannot be altogether bad. But I am only one person, and the psychoanalyst and the media researcher will say that everyone reacts differently. In audience research into *Loving and Caring*, of pupils asked "Did the films make discussions about. . . sex any easier?", 26 per cent did not answer the question. Who are those 26 per cent and why didn't they answer? At least the film is carefully balanced to avoid the unintentional stimulation of pregnancy, so there may be few illegitimate children arising from that 26 per cent. But how many murders will result from the TV programmes which have not been carefully researched, balanced and presented under the control of an experienced group worker?

# Backing jockeys, not horses . . .

RACING

BY DOMINIC WIGAN

SINCE there is little apparent betting value at today's meeting at Hamilton and Newton Abbott, this is a good time to look at the respective jockeys championships.

The close race between Joe Mercer, Willie Carson, and Pat Eddery for the 1979 Flat title has been a continuous topic of conversation. Many backers seldom interested in betting on the championship have had a flutter, producing a record turnover.

Mr. Graham Sharp, of William Hill, told me yesterday that his organisation has found more public interest than in any previous year. Hills now bet 4-9 Carson, 9-4 Mercer, and 7-1 Eddery for the Flat title, and 4-5 O'Neill, 7-4 Francombe and 5-1 Carmody, for the National Hunt.

Joe Mercer could pull off an outstanding feat in landing his first championship at the age of 44. With Henry Cecil's stable maintaining its high scoring rate and Mercer picking up an ever-increasing number of useful "spare" rides, Carson will clearly have his work cut out to regain the advantage.

Although Mercer missed two rides at Sandown on Saturday and also the mount on African Hope in the Grosser Preis von Baden on Sunday because of a bruised ankle, he is now fully fit and clearly hopeful of keeping ahead. But for a serious injury 10 years ago, Mercer would, I feel certain, have taken one of Lester Piggott's nine titles, for he appeared to be in an unassailable position when hurt.

The risk factor in injury is always a serious one for jump jockeys. Jonjo O'Neill suffered a long lay-off last season when setting out to retain his title. Yet I feel certain that he represents ousanding value at odds of 4-5 this time.

He is without doubt in my mind, the outstanding National Hunt jockey of recent years. He is keener than ever to maintain his search for winners, however far it means travelling, and his services are always in demand.

Should he have the misfortune to suffer another enforced holiday through injury, I feel reasonably sure that it will be Carmody; rather than the current champion, Francome, who will be champion this time.

HAMILTON

2.15—Money Sings*
2.45—Lancaster Mews
3.15—Mummy's Colleen
3.45—Light Lad
4.15—Bamp**
4.45—Cleveland

NEWTON ABBOTT

2.30—Merci
3.00—Dancing Ned
4.00—Lucky Louis
4.30—Quick Charge***

# TV/Radio

† Indicates programme in black and white

## BBC 1

6.40-7.55 am Open University (ultra high frequency only). 10.55 Cricket: Fourth Test—England v India. 1.30 pm Ragtime. 1.45 News. 2.05 Cricket: Fourth Test. 4.18 Regional News for England (except London). 4.20 Play School (as BBC-2 11.00 am). 4.45 Hunter's Gold. 5.10 Stopwatch. 5.35 The Wombles.
5.40 News
5.55 Nationwide (London and South East only)
6.20 Nationwide
6.40 Dad's Army (London and South East)
7.15 It's a Championship Knockout
8.30 A Moment in Time
9.00 News
9.25 Prince Regent
10.15 The Bear Next Door
10.45 Athletics: The Ivo Van Damme Memorial
11.35 News Headlines/Weather Regional News

All Regions as BBC-1 except at the following times:—

Scotland—5.55-6.20 pm Reporting Scotland. 6.40-7.15 Dad's Army (as London and South East). 11.35 News and Weather for Scotland.

Wales—4.45 pm Crystal Tipps and Alistair. 4.50-5.10 Pier Maesteg. 5.55-6.20 Wales Today. 6.40 Heddiw. 7.05-7.15 Tom and Jerry. 11.35 News Headlines, News and Weather for Wales.

Northern Ireland—4.18-4.20 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 6.40 Starring Terri Stevens. 7.10-7.15 Preview of Autumn Television. 11.35 News Headlines, News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth). 6.40-7.15 East (Norwich) Joint Account; Midlands (Birmingham) The Midlands at War; North (Leeds) What am I Bid?; North East (Newcastle) The North at War; North West (Manchester) The North West at War; South (Southampton) All Change For . . . Brighton; South West (Plymouth) Brain Wave; West (Bristol) The Rectangular Picture Machine.

## BBC 2

Trades Union Congress: Key debates at times to be announced
6.40-7.55 am Open University
11.00 Play School.
4.30 pm Cricket: Fourth Test. England v. India
6.05 Open University
6.50 Mid-Evening News
†7.00 The Ealing Comedy: "The Lavender Hill Mob." starring Alec Guinness, Stanley Holloway, Sidney James and Alfie Bass.
8.20 Brass Tacks
9.00 Rhoda
9.25 Born to the Wind
10.15 The Right to Work
11.05 Cricket: Fourth Test (highlights)
11.35 Late News
11.50 Late Night Story

Channel is the only IBA company transmitting programmes during the present industrial dispute. Details of this local service are given below.

## CHANNEL

1.20-1.30 pm Channel Lunchtime News, What's On Where and Weather. 5.00 Puffin's Birthday Greetings. 5.05 Call It Macaroni. 5.30 Lone Ranger. 6.00 Report at Six Extra. 7.00 Men Against the Sun. 8.00 One Man's Music. 8.25 Feature Film: "Legend of Valentino." 11.00 Channel Late News and Weather. 10.05 Fireside Theatre. 10.50 Commentaries et Previsions Meteorologiques etc.

## Radio Wavelengths

| | | | | | |
|---|---|---|---|---|---|
| 1 | 1053kHz/285m 1089kHz/275m | 3 | 1215kHz/247m & 90-92.5vhf stereo | BBC Radio London: 1458kHz, 206m & 94.9vhf | |
| 2 | 693kHz/433m 909kHz/330m & 88-91vhf stereo | 4 | 200kHz/1500m & 92-95vhf | Capital Radio: 1548kHz, 194m & 95.8vhf | London Broadcasting: 1151kHz, 261m & 97.3vhf |

## RADIO 1

(S) Stereophonic broadcast
5.00 am As Radio 2. 6.00 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Andy Peebles. 4.31 Kid Jensen. 7.00 Personal Call. 8.00 Mike Read. 9.50 Newsbeat. 10.00 John Peel (S). 12.05-5.00 am As Radio 2.

## RADIO 2

5.00 am News Summary. 5.03 Tony Brandon (S). 7.32 David Allan (S). 10.03 Jimmy Young (S). 12.15 pm Waggoners' Walk. 12.30 Pete Murray's Open House (S). 2.15 David Hamilton (S). 4.15 Much More Music (S). 5.00 News. 5.05 Waggoners' Walk. 5.20 John Dunn (S). 6.45 Sports Desk. 7.02 Brian Fahey and the BBC Scottish Radio Orchestra (S). 7.30 Sports Desk. 7.33 Folk '79 (S). 8.02 Nordring: Rendezvous from Helsinki (S). 9.02 Among Your Souvenirs (S). 9.55 Sports Desk. 10.02 The Frankie Howerd Variety Show. 11.02 Sports Desk. 11.03 Peter Clayton with Round Midnight, including 12.00 News. 12.05 am Sports Desk. 2.00-5.00 You and the Night and the Music (S).

## RADIO 3

6.55 am Weather. 7.00 News. 7.05 Overture Concert, part 1 (S). 8.00 News. 8.05 Concert, part 2. 9.00 News. 9.05 This Week's Composer: Schubert (S). 10.00 Two Post-Impressionists (S). 10.55 Cricket: England v. India, including 1.35 News. 1.40 The Arts Worldwide. 2.00 Lunchtime Scoreboard. 6.30 At Home. 7.10 Pied Piper (S). 7.30 Proms '79 part 1: Schubert (S). 8.00 Lappin and Lapinova (story by Virginia Woolf). 8.20 Proms '79 part 2: Mahler (S). 10.00 Medium and Message. 10.45 Sacred and Profane (S). 11.55-12.0 News.

VHF with Medium Wave above except 6.00-7.00 am and 10.55 am-7.10 pm as follows: 6.00-7.00 Open University. 10.55 Hungarian and English Music (S). 11.40 Haydn String Quartets. 12.15 pm Margam Mozart Festival, part 1 (S). 1.00 News. 1.05 The Arts Worldwide. 1.25 Margam Mozart Festival, part 2 (S). 2.15 In Partnership. 3.00 Ravel and Berlioz concert (S). 4.15 Louis Kentner plays Lyapunov and Chausson. 5.15 Jazz Today (S). 5.45-7.10 Open University.

## RADIO 4

6.00 am News Briefing. 6.10 Farming Week. 6.25 Shipping forecast. 6.30 Today, including 6.45 Prayer for the Day. 7.00, 8.00 Today's News. 7.30, 8.30 News headlines. 7.45 Thought for the Day. 8.45 The Crock of Gold. 9.00 News. 9.05 Tuesday Call. 10.00 News. 10.05 Local Time. 10.30 Daily Service. 10.45 Morning Story. 11.00 Thirty-minute Theatre (S). 11.30 Crowdie and Cream (S). 11.45 Listen with Mother. 12.00 News. 12.02 pm You and Yours. 12.20 Desert Island Discs. 12.55 Weather; programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping forecast. 2.0 News. 2.02 Woman's Hour. 3.00 News. 3.05 A Small Country Living. 3.35 The Bostonians. 4.30 Announcements. 4.35 Story Time. 5.00 PM News Magazine. 5.50 Shipping forecast. 5.55 Weather; programme news. 6.00 News. 6.30 Quote . . . Unquote (S). 7.00 News. 7.05 The Archers. 7.20 Forty Years On. 8.05 Something Appealing, Something Appalling. 8.45 Another Man's Poison: The health hazards of British meat and milk. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 The News Quiz (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Come to the Cabaret. 12.00 News.

## BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 9.03 London Live. 12.03 pm Call In. 2.03 206 Showcase. 4.03 Home Run. 7.03 Black Londoners. 8.00 All That Jazz. 10.00-5.00 am As Radio 2.

## London Broadcasting

6.00 am AM with Bob Holness and Doug Cameron. 10.00 The Brian Hayes Show. 1.00 pm LBC Reports with Max Miller and Alan Clark. 3.00 George Gale's 3 O'clock Call. 4.00 LBC Reports with Sue Jameson and Alan Clark. 8.00 After Eight with Therese Birch. 9.00 Nightline with Jenny Lacey. 12.00 LBC Reports Midnight. 1.00 am Night Extra with Sarah Ward. 4.00 The London File. 5.00 Morning Music.

## Capital Radio

6.00 am Graham Dene's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Dave Cash (S). 3.00 pm Roger Scott (S). 7.00 London Today (S). 7.30 "Prudence" (S). 7.45 Adrian Love's Open Line (S). 9.00 Nicky Horne's Your Mother Wouldn't Like It (S). 11.00 Tony Myatt's Late Show (S). 2.00 am Duncan Johnson's Night Flight (S).

## F.T. CROSSWORD PUZZLE No. 4,064

ACROSS

1 Socialist newspaper is a cause of infuriation (3, 3)
4 Calm company member with a new dose (8)
10 Not outstanding sculpture arranged in bare files (3-6)
11 Wicked circle comes back for the girl (5)
12 Piece of news brought me back to it (4)
13 Hard-headed person takes the biscuit—"en suite"? (10)
15 Personal security held by innkeeper before time (7)
16 Think about a male offspring (6)
19 Border to encircle in iron (6)
21 One who listens to accountant (7)
23 Six hours occurring four times each year (7-3)
25 Handled non-woven fabric (4)
27 A flower got out of bed (5)
28 Wrongly copies pal of bishops (9)
29 I'm going into property to get a valuation (8)
30 Packing-case right behind a hole in the ground (6)

DOWN

1 Worthless nonsense above your head (8)
2 Pharmacist using medicine-dropper (9)
3 Point to imitate before ten (4)
5 Offer to admit one crime initially for policeman (7)
6 Support silver and article following in publicity (10)
7 Glue a bit of wood (5)
8 Not sweet about listener being cheerless (6)
9 Very small period (6)
14 Principal master confused river with tributaries (4, 6)
17 In difficulty or danger there and then (2, 3, 4)
18 One who talks too much and is soft over reptile (8)
20 Sincere pledge (7)
21 Cab in motoring organisation showing loss of control (6)
22 Honest even with old fogy (6)
24 A measure that's brewing (5)
26 Parrot-wrasse blemish (4)

Solution to Puzzle No. 4,063

DELAWARE COMETS
COMMANDO GENEVA
MARKTIME DWIGHT
ATTENDANCE
AFULLHOUSE
UNTIED INCREASE
DISCUS ABUNDANT
YEARNS REDOLENT



# ENTERTAINMENT GUIDE



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# THE ARTS

**Central City, Colorado**

## Shanewis and others by ANDREW PORTER

Central City, where Gregory struck gold in 1859, where fortunes were made and lost, where President Grant staggered from the stagecoach to his sumptuous suite in the Teller House hotel on a sidewalk paved with silver ingots, used to be larger than Denver. Now it is a village of two paved streets, set in a hillside tracery of vanished roads, crumbling foundations and abandoned mines. Its monuments are the Opera House, built in 1878, the Teller House, the Williams Stables, and three churches (Anglican, Roman, Methodist), any of which could probably contain all the resident population. What remains is the heart of a 19th-century boom town, unspoiled, a tourist attraction lovingly preserved, but use "The oldest drug store in the west," a pretty place, does a busy trade. One eats and drinks in the magnificence of the Teller House dining-rooms and bars. I stayed in a pretty Victorian house with Victorian furniture.

All these Colorado mining towns—Denver, Aspen, Fairplay, Leadville, Central City, Pueblo — built their Opera Houses, where the miners came to hear Christine Nilsson, Emma Juch, Sarah Bernhardt, Lillie Langtry.

After a slump, the Central City season, now directed by Robert Darling, is a mixture of consolidation and adventure. The big productions this year were of two bread-and-butter operas, *The Barber* and *The Merry Widow*, and they drew full houses. The adventure was provided by the "apprentice artists," active in those shows but also engaged in a day-long programme of rehearsals, public workshop presentations, and chamber operas—and then in pretty well night-long informal recitals in the bar of the Teller House.

The most interesting events were three. First, a workshop revival, piano-accompanied, played in the Stables with simple settings, of Charles Wakefield Cadman's *Shanewis*. *Shanewis*, first performed at the Met in 1918, was one of the more successful of Gatti-Casazza's American commissions. Cadman is known to record collectors as the composer of the songs *At Dawning* (McCormack) and *From the Land of the Sky-blue Water* (Nordica, Alma Gluck). Lately, I've seen him slighted as a slick populariser of Indian motifs, but though ethnomusicologists may frown, his music is enjoyable.

Shanewis is "a native forest bird born of our mighty wilderness" who is taken up by Mrs. J. Asher Everton, "a prominent California club women." At Mrs. Everton's musicale she sings "a strange primeval song ofa ncient intervals" and captures the heart of Lionel Rhodes, a wealthy young architect engaged to Mrs. Everton's daughter, Amy, fresh from Vassar. In Act II, set on an Oklahoma reservation, Mrs. Everton and Amy arrive to reclaim Lionel, and Shanewis (who has not hitherto known of the engagement) surrenders him. But Philip Harjo, Shanewis's foster-brother, shoots a poisoned arrow into the heart of the two-timing white man. It's as good a plot as *Madama Butterfly*, and occasionally touches on deper things, as in Shanewis's big aria:

"*For half a thousand years/ Your race has cheated min . . . /The lovely hunting grounds of my fathers/You have made your own;/The bison and the elk have disappeared before you./ The giants of the forest are no more./Your ships infest our rivers./Your cities mar our hills./What gave you in return?*"

The central act of Conrad Susa's *Black River* is a detachable scena, *con pertichini* (others who put in remarks), for Pauline L'Allemand, a now almost-forgotten American diva, New York's first Lakmé, who had a colourful lifeand relives its highlights during the extended scene. The whole opera, subtitled "a Wisconsin idyll," is centred on the lives of three women in a small town at the turn of the century. The libretto, by Richard Street and the composer, reads very well. I look forward to a complete production, for Susa's music in Act II displays his wonted flair, theatrical liveliness, and elegance. Barbara Brandt, the prima donna of the Minnesota Opera, gave a brillian performance.

Third, Henry Mollicone's *The Face on the Barroom Floor*, base don the balad ("'Twas a balmy summer evening, and a goodly crowd was there") and played in the bar where that face is painted (post-factum local colour, inspired by the ballad, not the source of it). The piece is for three singers, soprano, tenor, and baritone, and accompaniment of piano, flute, and cello. Two young people drop into the bar and the farman starts telling them the story of the face; they pass into playing the 19th-century characters, and then back to the present for a sequel also has a tragic resolution. The drama, though predictable enoug, is strangely powerful. It's a very skilful score with a very skilful libretto, by John S. Bowman, and Mr. Darling's production was expert. I saw two casts each of which found different emphases in the roles. *The Face*, which lasts less than an hour, was commissioned by Central City last year and has already been taken up elsewhere. It's a good piece. I recommend it to British festival directors.

Garland Anderson's *Soyazhe*, a new one-act opera on an Indian subject, played on a double-bill with Menotti's *The Medium*, in the Opera House, I thought rather stodgy and ineffective. The heroine's main aria was declaimed to a monotone. And Richard Cumming's *The Picnic*, given a workshop try-out in the Stables, I thought conventional. *The Merry Widow* had the merit of looking pretty, in art-nouveau designs by John Conklin, and was otherwise much as usual. H. Wesley Balk had produced *The Barber* as if he thought it a lame opera needing a good deal of help. "Ecco ridente" was a pantomime septet accompanied by the tenor, and "Largo al factotum" a busy crowd scene. Rosina had to share "Una voce" with Dr. Bartolo and his two servants. She eloped with both birdcage and masses of luggage.

But Evelyn Petros's Rosina was attractive. Here is yet another first-rate American mezzo, and one made for Rossini (Cenerentola, Isolier, in time Isabella), whose voice is dark yet lustrous, fluent and captivating in the way it moves, a delight to listen to. Outstanding among the promising apprentice artists was Thomas Woodman, a 21-year-old baritone. I heard him in several of the shows and in several late-night arias. If all goes well—and there seems no reason why it shouldn't, for nature has given him a voice that is very powerful, beautiful, and free, and his musical instints are good—Mr. Woodman may well be the next in the great line of big American baritones.

Evelyn Petros and Gimi Beni in 'The Barber of Seville'

**Edinburgh Festival Exhibitions**

## Degas, 1879 by WILLIAM PACKER

Just as the National Gallery of Scotland stands at the very hub of the city yet curiously apart from it, in limbo between the Old Town and the New, so the remarkable Degas exhibition, now filling the Gallery's new extension, is the centrepiece of the Festival this year, but yet not entirely of it. Distinct and aloof, it is nevertheless, in terms of the quality and straight-forward achievement it presents, the festival's most impressive single feature, enough alone to make the journey north worthwhile. By the time it ends its run, on September 30, the captains and the kings of the festival will have moved on long ago.

The idea behind the show has a smack of the gimmick to it, for 1879 was just another year in Degas' long and ever-fruitful career, and certainly not the only one in which he painted three or four important pictures; but it proves in the end to be an idea eminently justifiable and indeed admirable. For by concentrating on the work of this great artist in this particular year, as it might be any year, we confront not merely a number of extremely beautiful things, but sense also the artist's real and immediate creative presence. Moving from study to sketch to statement and back again, following adjustments, alterations and changes of mind, we catch and share his preoccupation; we see him at work.

He certainly got enough done. The exhibition is organised in small sections, taking his material subject by subject, and it is the breadth of his interest thus exposed that at first catches our attention, encompassing as it does the races, the dance, the circus, the demi-monde of café, night club and brothel, and the more prosaic wrkaday world of laundry girl and milliner, and figures passing in the street. There are, too, the studies of his friends and acquaintances, the critic Duranty at his desk, the painter Michel-Lévy in his studio, and Mary Cassatt wandering through the Louvre.

None of the works is particularly large, most of them carried ff at some speed: immediacy is everything. And it is the initial statement, time after time, that is crucial, upon which all subsequent efforts depend. The later considered statement must remain true to that first momentary vision, caught as it were by the intelligent camera of the eye. Degas occasionally worked directly from photographs, and was manifestly intrigued by the photographer's new-fangled technique of cropping his composition, but he seems to anticipate in his own work the technology of a later age. The ease and naturalness of his characters, as they move about their usual business, is closer to the spirit of the snapshot than to the studied calm of contemporary photography.

Degas' great gift was essentially graphic, and the show is full of dazzling drawings. They are wonderfully accurate, but not in the painstakingly measured sense. Indeed, taken literally, some of them are obviously distorted and apparently mistaken. But to read them so is to mistake the nature of the exercise. The accuracy which repeatedly concerns him here is that of attitude and gesture, and the subtlest nuance of expression and mood, caught on the wing. Even the studies for the sculpture, The Little Dancer, necessarily more stable a figure, retain a lively spontaneity in their execution, while she herself can hardly hold the step for ever.

The longer we look at the drawings, the closer they move together, and the inner coherency of Degas' work at this time becomes clearer, for all its superficial variety. Movement is rarely vigorous: his dancers stand by to go on stage, or recover their breath afterwards. The horses wait at the start. The actress attends to her make-up. Only Miss Lala, high on her wire, attends directly to the matter at hand, and she has little choice. The liveliness in the imagery is the liveliness of expectancy, of things about to happen, of things going on off-stage. His little dancers shift their weight from foot to foot before his eyes, but their thoughts are elsewhere as he works on.

Financial help from the BP companies in Scotland made this exhibition possible, a most enlightened piece of sponsorship.

'Portrait of Henri Michel Lévy' by Edgar Degas

**Wigmore Hall**

## Fauré series by MAX LOPPERT

A series of concerts devoted to the songs and chamber music of Gabriel Fauré is in progress at the Wigmore Hall. It lasts until March 1, and offers, as well as an understandable quantity of the popular pieces from the early and middle periods that have never been neglected, a decent amount of the later and late Fauré—those spare, serene chamber works and song cycles, all deceptive calm above and muscular action below, that have still to impress their greatness on the consciousness of the wider musical public. The series is so attractive, so timely, and to the Fauré missionary so gratifying, that complaint thereof must be uttered, as it were, *sotto voce*. Most of the performers in the series are not French (the notable and welcome exceptions among the song recitalists being Régine Crespin and Gerard Souzay—though the prejudice in these islands that the French both neglect and maltreat their best composers is not entirely without justification, fine performers with native accents are still to be found, and this might have been the opportunity to discover them. It is also a pity that the chance was not seized for a systematic exploration of all the late song cycles—when last were *La Chanson d'Eve* and *Le Jardin clos* (two of those left out of the series) heard in a London concert hall?

The opening recital of the series fell on Saturday to Elly Ameling, who filled its first half with "Lydia," "Arpège," "Après un rêve" and then *La Bonne Chanson* (this last being repeated in the series, on February 23, by Sarah Walker). Miss Ameling was in marvellous voice, and in easy command of a large and affectionate audience. Her many virtues—precise French enunciation, phrases tautly shaped, tone clear and forward, emotional colouring neither too sparingly nor too thickly applied—prompted a reflection on the difficulties that face the performer in penetrating to the core of mature Fauré (the major reason for its neglect?) For though the account of the song cycle was unfailingly elegant and gracious, it was not quite the *heure exquise* to which one had looked forward. Something crucial was missing: an intimation of the mysterious radiance that lies beneath the surface of those limpidly flowing lines, a mystery probed *only* by the singer who to all the qualities listed above adds a subtle and intimate mastery of verbal nuance. A certain jerkiness in the piano part might also have had something to do with the slightly episodic, unsustained feeling. For such an enlargement of the *ritenuto* marking as Rudolf Jansen essayed towards the close of "Lydia," Fauré is supposed to have banged piano lids down upon the fingers of guilty pupils.

The second half sustained a high level. Miss Ameling's Schubert has been admired on this page very recently; that must not deter me from praising a performance of "Lachen und Weinen" as vivid in its alternation of humours as one could hope to hear. Two Granados songs showed how cunningly the soprano manages to adapt her voice to material not obviously suited to its dimensions. In a final mixed group, mostly French, the partnership of singer and pianist was at its liveliest and most engaging; though Miss Ameling presents the appearance and the voice of the sweetest simplicity and naturalness, the wit, irony, and precise style of Hahn's "La Derniere Valse" and Satie's "Diva de l'Empire" suggested quite another kind of performer.

**St. John's, Smith Square**

## Early Music Festival

by NICHOLAS KENYON

The annual festival organised by the Early Music Centre began on Sunday night with a concert by the Taverner Choir under Andrew Parrott; all this week there are concerts at St. John's, ending with Bach's B minor Mass (with original instruments) on Saturday night.

The twelve-part Mass by Antoine Brumel, based on the Easter Lauds antiphon "Et ecce terrae motus," is not entirely unknown: it was given a Prom performance in 1976 and David Munrow included its *Gloria* in his recorded anthology of Netherlands renaissance music. But this very early large-scale setting of the Mass Ordinary never ceases to surprise: its endless intricacies, hypnotically repetitive, pulsing like a line of gothic arches, are based on a harmonic framework which is often utterly simple (and even banal).

Brumel's music needs a more resonant acoustic than St. John's to make its full effect; the clarity showed up mercilessly the more patchy moments in the Taverner Choir's small-scale performance. Lassus, in a documented performance of the Mass around 1750, had three or four to a part; Parrott used 18 voices—one and a half to a part? Far from making the earth shake in accordance with its plainsong *cantus firmus*, this was a cool, controlled account: overwhelmingly impressive in sections of great activity, less so in more exposed moments (one soprano took a good prompt in the *Sanctus*. It would be interesting to hear a full performance with instruments in, say, Westminster Cathedral.

Parrott wisely diversified the complex polyphony with the plainsong for Easter Day, plainly but effectively sung by a men's choir under Roger Wibberly (though I cannot believe that the great Easter Sequence, *Victimi paschali laudes*, should sound as four-square as this). The evening's highlight was its close; providing a work whose pacing and structure and musical language has all the coherence which is lacking in Brumel's eccentric but fascinating Mass.

### 'Outside Edge' comes in

*Outside Edge*, currently playing at Hampstead Theatre, will transfer to the Queen's Theatre on September 11 (previews from September 4).

The cast is headed by Julia McKenzie and Maureen Lipman.

**Albert Hall/Radio 3**

## BBC Welsh SO

Between Haydn's *Clock* symphony and Chaikovsky's third orchestral suite, Saturday's Prom sandwiched Alun Hoddinott's organ concerto, written in 1967. It might have ben composed to demonstrate the impossibility of reconciling organ and symphony orchestra. From the opening bars, the textures saturate and it becomes very difficult to tease any cogent musical argument out of the mass of sound. When the brashness ides away, a three-movement plan emerges—a tripartite toccata with nocturnal interlude, central set of variations and blowsy finale. On first hearing, it seemed an unpleasant, unnecessary piece, full of pawky rhythms and contrived 12-note harmonies. The variations are intended as a lyrical oasis but the writing is too anonymous to provide a satisfying sense of repose.

Elsewhere, organ and orchestra merely get in each other's way. Poulenc wrote the only effective organ concerto of the 20th century by realising that the tonal resources that the organ lacked were those of string tone and timpani, and confined his orchestration to those; Hoddinott uses a large orchestra uncritically. The solo organist was John Scott, recent winner of the Manchester Organ Competition: maybe we shall get a chance to hear him soon in a more ingratiating vehicle.

Apart from Hoddinott, however, the BBC Welsh SO, conducted by Bryden Thomson, provided a pleasant concert. The Haydn symphony was robust and rough-edged, but more than made up what it lacked in finesse with vitality and energy. The Chaikovsky G major suite can present problems of consistent interpretation. The first three movements are shortish genre after their classical models, the fourth is a set of variations of symphonic proportions. Mr. Thomson moulded the opening "elegie" nicely with careful string phrasing and spoiled the effect only with some sour woodwind chording in the final bars. The waltz and scherzo could have had more energy, but the crowning variations were finely projected; fine, redeeming woodwind playing in the solo variations too, and a suitably celebratory coda.

ANDREW CLEMENTS

## Ivon Hitchens

Ivon Hitchens, who died last week at the age of 86, sat in his wood near Petworth for the best part of a lifetime, responding to the shifts of season and weather with a direct and simple sensitivity. He was a truly distinguished painter, a Romantic Expressionist in direct line with Turner, yet the comparative popularity he enjoyed in his old age, in a time when true innovation was held to be transatlantic or continental, denied him his critical due. He made an idiosyncratic and commendably early contribution to modern British painting, and the improvisations upon landscape and still-life that he made in the late thirties and during the War remain as fresh and strong as anything done in their time. If in his seventies and eighties he came to rely on a tried and proven formula, the results, though perhaps not quite so impressive, bore out nevertheless the strength of that middle phase. Some of the best works of his early maturity are held by the Tate, and earlier this year, just in time, the Royal Academy gave him a retrospective exhibition in its Diploma Galleries. That show is still on tour and opens at the Castle Museum, Nottingham next weekend.

WILLIAM PACKER

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# Making cuts constructive

SOME YEARS ago President Kennedy introduced the idea of U.S. administrative system. The zero-base budgeting into the idea was that every department must maket an annual case from first principles for its allocation of cash; nothing could be taken fro granted. It proved to be one of those ideas which looks better on paper than in practice, and the bureaucracy soon became adept at playing the new game. The trouble was that since there was no underlying presumption against expenditure, there was no real pressure for change. Similar exercises in cost-benefit analysis and "ordering priorities" have had similarly little result in this country.

### Ruthless

However, the shock effect of referendum votes to freeze tax revenue in California and other states has proved much more effective in provoking fundamental thought; and this experience and apparent success (for it is too early to judge the long-term outcome) did much to inspire Mrs. Thatcher and her Ministers to a fairly ruthless approach to public expenditure. Naturally much pain is being caused, and there is a refreshing suspicion that no principle is too hallowed to avoid examination — as the proposals on business prequisites, and the talk of cutting tax relief on contractual saving show.

What now seems to be needed is a shade less haste so that an opportunity can be created for similarly radical thinking on the purpose and organisation of the public services. Cuts across the board look like rough justice and have a useful initial shock effect, but as a strategy they make no more sense than pruning every plant in the garden to the same height.

### Student loans

The one Minister who has so far demonstrated the kind of radical thinking that ought to be encouraged before the re-shaping of services in planning is Dr. Rhodes Boyson, who took the opportunity provided by the recent argument over the supposed cuts in higher education to do what he called flying a few kites. Perhaps the education system itself needed overhaul: simply response to student demand was producing rather a large number of graduates with unmarketable qualifications. Perhaps the financing of higher education could be reorganised; in some countries students are supported with loans, which they can later repay because of their enhanced earning capacity.

These are pertinent questions, but hardly new ones; and what is really needed is a debate among educators themselves about their role in the public services. The tradition in this country, and it is an honourable one, is that the State has simply taken over the role of the charitable patron who used to provide the sole endowment of higher learning for its own sake.

It is not clear, however, that this purely academic approach is very helpful when higher education is offered to everyone who can attain a not very demanding entry standard. The curriculum in many polytechnics and some new universities seems better calculated to support the ambitions of the staff to write learned papers and win promotion than to the needs of the likely students. It is perhaps no accident that Britain is long on pure science and short on techlogy, long on economic theory and short on business understanding.

Again, the structure of education seems to have carried over from a purely donnish tradition; for academics education is an uninterrupted process from nursery school to the hoped-for Chair. But for ordinary working people, the need for further education may not be nearly so clear immediately after leaving school as it will become after a few years of working experience.

### Flexibility

A system which forces most children to choose their road at about fifteen, when they select their "A" level subjects, will not lead to wise choices. Greater flexibility both in changing subjects and in the age of entry to university might be a large gain from the point of view of students.

Equally radical debate would do nothing but good in considering the future of other costly pennyworth of preventive medicine, and perhaps the use of less highly qualified people for some routine tasks) and especially housing, where State intervention has proved distorting and done profound economic damage. Now that the Government's basic determination is established beyond doubt, a more thoughtful approach is in order. If there is talk of reshaping rather than simply cutting, it may often be possible to combine economy with radical improvement.

# Instability in Syria

SYRIA TOOK some pleasure in organising opposition to the initiatives of President Sadat of Egypt which eventually resulted in a bilateral peace treaty with Israel. Yesterday, it was reported that President Assad sent paratroopers to Lattakia to prevent civil strife. The two actions are related and help to explain why Mr. Assad is facing the strongest challenge to his government since he came to power in November 1970.

### Hedged

Syria's opposition to Egypt has been characteristically hedged. While it was in the forefront of those states against Mr. Sadat, it was careful to have itself classified among the states of the Front of Steadfastness and Confrontation, rather than among the outright rejectionists. This suggests, as has been hinted at through recent Romanian contacts in Israel, that Syria might not be totally averse to being co-opted into negotiations with Israel—given the right terms.

In Mr. Hafez Assad, Syria has a president who has given the country stability and continuity of rule unprecedented in recent times—over eight years against a dozen coups or more since the end of World War Two. He saw the country through the 1973 war with Israel, in which Syria performed militarily better than before and almost eradicated the humiliation of the 1967 defeat. Economic policies have by and large been realistic, as demanded of a country which in Arab terms has few natural resources. Arab money has been flowing in; this has led to corruption, but not the social dislocation on the scale experienced in Iran.

So why did Mr. Assad feel impelled to send in paratroopers to Lattakia to keep the peace between the majority Sunni sect and the Alawites, a minority heterodox sect, to which Mr. Assad belongs?

Many of Syria's problems, symbolised by this religious division, have been lurking for some time. First, Syria's geographical position, north of and encircling Lebanon, has exposed it even more than Egypt to the political winds of change in the area—especially where the conflict with Israel is concerned.

Second, the numerous religious and ethnic groupings within the country have made it extraordinarily difficult to control. Mr. Assaf has chosen to follow a hard line towards the Arab-Israeli conflict and to control Syria internally by idiosyncratic methods which do not entirely coincide with the egalitarian and pan-Arabist tenets of Ba'athism, the local ideology.

The first reason for this is that Mr. Assad entrusted the real running of the government either to members of his immediate family or to Alawites, who make up just over 10 per cent of the population. Secondly, although the Alawites are affiliated to Shi'ism, the unorthodox branch of Islam which provided the inspiration for the overthrow of the Shah in Iran, it is clear that religion, through the Moslem Bretheren, has caught on as a means of expressing opposition to an apparently well-entrenched regime.

Third, since the middle of 1976, Syria has been bogged down in the civil war in Lebanon through its 25,000 troops in the peace-keeping force which has taken on more and more the role of occupation.

### Involvement

The temptations to leave the Syrian Government to cope with its own largely self-created problems are considerable. The Camp David framework agreements and the Washington treaty, for example, make no direct reference to the Golan Heights, still occupied by Israel. But there is a strong case for trying to involve Syria in negotiations with Israel.

As long as only Egypt and Israel talk together on the Middle East no breakthrough on the wider issue is feasible. Syria's involvement, perhaps through an addendum to the basic UN resolution 242 (treating the Palestinians only as a refugee problem), might lead the way to others, Jordan and the Palestinians, joining in.

Finally, there is a precedent. Syria complained bitterly when Egypt in January 1974 concluded the first interim withdrawal agreement with Israel. But four months later, thanks to tireless shuttling by Dr. Henry Kissinger, it concluded its own partial withdrawal agreement with Israel on the Golan Heights. Instability in Syria is more likely when it is isolated.

# A dwindling light at the end of the tunnel for BL

BY KENNETH GOODING IN LONDON AND ARTHUR SMITH IN BIRMINGHAM

Trevor Humphries

Uncertainties about the MG operation at Abingdon are one of the worries of Sir Michael Edwardes.

BL IS well on the way to drawing up its corporate plan for 1980 and the sounds emanating dimly from behind the closed doors have a painfully familiar ring. BL, it too much capacity and plants will have to close; BL jobs will have to go.

The light which could be seen gleaming quite brightly at the end of the tunnel at the beginning of the year has receded and is threatening to vanish entirely.

Two factors in particular have changed the outlook:

First, there is the strength of the pound compared with nearly every other important currency.

BL is one of the UK's major exporters—its exports were worth £910m last year—yet it has no easy recourse to cheap imports of raw materials and components. Even if a switch to overseas sourcing was politically acceptable, the scale on which BL uses materials and components means that it could not be made very quickly. For example, BL reckons it takes about 13 per cent of the British Steel Corporation's output of sheet steel, and it is the major individual customer of many UK component manufacturers.

The strength of the pound has also presented importers to the UK with windfall gains. Not only do they have new cars and trucks with which to tempt the customers, they can also offer then at relatively attractive prices.

Which leads to BL's second major problem: its failure to achieve the targeted UK car market share.

## Month for new registrations

August was a crucial month. The introduction of the new registration letter is always an attraction for private buyers in August and this year new car sales are expected to fall away steeply in the remaining months.

BL did not do well. It now looks as if its share of the new car market in 1979 will settle at around 20 per cent rather than a more-acceptable 25 per cent. Next year, unless it acts quickly, its penetration will fall to even lower levels.

The question is whether the dealer network could stand the strain. Some years ago, BL shook out the smaller or less-healthy dealerships, ironically allowing the new importers, particularly the Japanese, to step in. The network now consists mainly of larger dealerships with the full BL franchise —Jaguars, Rovers and Triumphs as well as the Austin Morris range.

These are precisely the dealers that the importers are now looking for as they turn to improving the quality of their UK representation. The BL dealers are suffering from falling volume and smaller profit margins, and a significant number could well be tempted to change allegiancies.

On the trucks side, BL is not suffering so greatly but, like every other manufacturer, it failed to forecast the very big jump in demand in the UK this year. So although Leyland Vehicles produced more trucks, its market share has slipped again from the 19.3 per cent of 1978—Leyland Vehivles' worst year.

Introduction of the important new range of 16 to 24 tonnes trucks, code named T45, has been delayed again until next year. But at least Leyland Vehicles has a new range almost ready for launch.

Against the disappointing market performance of the cars company in the UK, it is clear that future sales and output schedules are likely to bbe reduced. But Sir Michael Edwardes, BL's chairman, has made clear that, regardless of market share and absolute production figures, he is now looking for significant improvements in productivity.

Rumours circulating at the TUC conference in Blackpool about the level of redundancies BY might be considering range from 20,000 upwards. But while the lower figure has some credibility, the stories are only guesstimates.

It has to be remembered that over the past 12 months more than 16,000 jobs have been shed across BL with little outcry from the trade unions. But the problem that has afflicted successive Leyland managements is to both cut numbers and maintain production.

Productivity improvements under Sir Michael so far have been limited and plans for a self-financing incentive scheme, put forward more than 12 months ago, remain on the table. The unions have been slow to accept the challenge, realising that successful implementation could mean the loss of around 15,000 jobs. Whether Sir Michael is prepared to grasp thta nettle in an effort to convince the Conservative Government that BL should be supported remains to be seen.

But the dramatic way to effect economies and cut overheads is through plan closures and the consolidation of production. Factories under consideration for cuts in the latest review must be Triumph's plant at Canley, Coventry, with 8,000 workers and at Speke, Liverpool, with around 2,000; MG at Abingdon with 1,100 and Austin Morris at Seneffe, Belgium with 2,700.

The threat of ending car asembly has hung for the past five years over Canley, a plant which has seen little new investment and which has sustained a relatively poor productivity record.

Canley, nevertheless, was named as hte plant to assemble the car which BL plans to manufacture in collaboration with Honda, Japan, from the middle of 1981.

To the extent that the Honda car is slightly up-market from the Allegro and Marina and could be seen as a direct replacement for the Dolomite produced at Canley, the Coventry site seemed logical. But, given the present spare capacity across the country, BL might now choose to locate the new project at Cowley, Oxford.

Cowley, which assembles the Marina, Maxi and Princess, is a more modern facility. Output of the Princess, in the light of the fuel crisis, has already been halved to 500 a week, but projections suggest that demand for the Marina will hold up. However, the Maxi, launched in 1969, could be nearing the end of its useful life by the time the Honda is launched in 1981.

For Canley, loss of the new Honda would raise doubts about the economics of manufacture of the TR7. The sports car was transferred to Coventry after closure of the Speke assembly plant, but investment was minimal. While another move would be disruptive, transfer to Rover, at Solihull, where there is adequate spare capacity, must be a possibility.

Without the TR7 and new Honda, Canley would be left with two models, the Dolomite and Triumph Spitfire, both of which are due to be phased out over the next couple of years. How quickly that would happen is a question of economics, but the effect would be to eliminate around 4,000 jobs and reduce Canley to little more than an engine and components plant.

## Half-capacity working

Even with the TR7—scheduled for an annual output of 50,000—the Rover assembly halls at Solihull, one of the most modern in Europe, would still be working at little more than half capacity. From next week, Rover plans to produce 1,250 cars a week on only two assembly lines—which is more than has been produced so far this year on three. The move, which indicates the drive to raise productivity, will cause a loss of around 1,100 jobs. Many works will be offered alternative employment, however, as the company is currently pressing ahead with £280m plans for a near-doubling of output of Land Rover and Range Rover vehicles.

No cuts are anticipated at Jaguar, where the problem this year has been one of shortage of production. The market for Jaguars has still to be tested because output is currently running at only 300 a week—around half of target because of body supply problems from the BL Castle Bromwich plant.

The current review must raise a question about the remaining Speke plant at Liverpool which produces body pressings for the Dolomite and TR7. Given present demand there should be adequate capacity at press shops at Swindon and Castle Bromwich to meet requirements for both the TR7 and the new Honda.

Uncertainly also continues about the future of Abingdon, which assembles the MGB and Midget—the latter due to be phased out at the end of the year. The good industrial relations of the plant has saved it in the past but the problems posed to MG sales in the U.S. by the high value of sterling raises new questions. Around three-quarters of the annual 35,000 MG output goes to America. A series of price rises in recent months has hit sales and BL could be faced with a decision whether to persevere or call for a premature end of what has been one of Britain's most successful exports.

Whether or not the MG continues, BL is determined to maintain its presence in the U.S., where Jaguar sales are profitable. The soft-top version of the TR7 is selling well and the Rover saloon is to be launched next year.

The big question for the Austin-Morris volume cars company, and for BL as a whole, is whether the present government will back the £320m plan to produce a new middle car replacement for the Marina and Allegro, code-named LC10.

Delays, caused in the main by shortage of engineering resources, have already put the car back to at least spring, 1983. On present performance, BL can hardly justify investment on thescale planned. But the project is crucial to the long-term viability of the State-owned concern. Without a car in the important middle-range fleet market, BL would be forced to continue to revamp an already tired product range or depend on collaboration with a foreign manufacturer.

One palliative possibly under consideration is to introduce a derivative of the Mini Metro scheduled to go into production at Longbridge next year. Successful launch of the small car is vital. But BL might also seek funds for a more conventional notchback model with the aim of increasing market penetration at the lower end of the range. Such a move, while it might be profitable, would be only limited compensation for losing out in the important middle range.

In October, the BL Board will come up with a variety of options and a preferred plan to present first to the National Enterprise Board and then to the Departmen of Industry.

It seems that Sir Michael will persist with the principle that BL should find about half the cash it requires for investment, matching the NEB's contribution roughly £ for £.

There are no signs, either, that the Board will want a change in the financial targets agreed with Government. These have never been formally revealed but Sir Michael mus the looking for at least a 10 per cent return on assets.

Any request for more funds will be backed by the familiar arguments about the effect on employment in the UK—it is generally accepted that for every job lost on the BL assembly lines a further two redundancies are created in the supply industries—and on the balance of payments.

## Hydra-headed monster

But the BL Board might have some difficulty in persuading Sir Keith Joseph, the Industry Secretary, that the group is not like the proverbial hydra-headed monster where two new problems spring up every time one is cut down to size.

The fundamental question for the Government will be this: has BL made sufficient progress towards commercial viability to justify continued support, or does the latest set of problems, though partly due to factors outside the company's control, confirm the pessimists' view that there is no future for BL in anything like its present form?

The Government could simply refuse to allocate any more cash to BL; there is nothing still to come from the NEB as part of the £1bn rescue plan. At this stage the indications are that Sir Michael will be working hard to come up with a package which Sir Keith can accept and that BL will be given one more chance.

**BL CARS MAIN ASSEMBLY PLANTS**

| Company | Location of plant | Models produced | Number employed |
|---|---|---|---|
| Austin Morris | Longbridge, Birmingham | Mini, Allegro, new Mini Metro to start production 1980 | 19,000 |
| Austin Morris | Cowley, Oxford | Marina, Maxi, Princess | 8,000 |
| Austin Morris | Seneffe, Belgium | Mini, Allegro from UK—supplied components | 2,800 |
| Jaguar Rover Triumph | Jaguar: Coventry | Jaguar and Daimler | 5,000 |
| | Rover: Solihull, Birmingham | Rover saloons, Range Rover, Land Rover | 9,000 |
| | Triumph: Canley, Coventry | Dolomite, Spitfire, TR 7. New BL-Honda car at present scheduled for 1981 | 8,000 |
| MG | Abingdon | MGB, Midget, Van Den Plas 1500 (based on Allegro) | 1,100 |

# MEN AND MATTERS

## Castro's credits—Soviet style

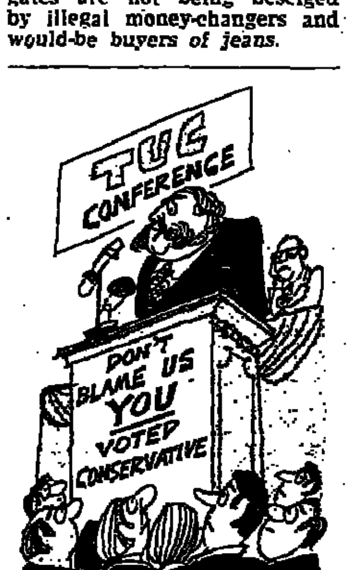
In Cuba this week, journalists are speculating how far Castro will have his way in edging the non-aligned nations towards the policies of his Moscow mentors. But they are already realising, says latest intelligence from Havana, that Soviet bureaucracy has the conference in its toils.

Its symbol is the square "hotel guest card" which every new arrival is handed. This is being dubbed the Castro credit card; with it all services can be ordered in Havana's main hotels —the National and the Habana Libre (once the Havana Hilton).

The card is a passport to the privileged enclave which the Cubans have staffed with an army of waiters in white tuxedos. Inside this enclave, elaborate floor shows are being put on for the hundreds of card-waving delegates from 93 nations.

But there is one feature of the conference which is markedly in contrast with its counterparts in the Soviet Union and other parts of the East European bloc: tight military surveillance means that delegates are not being besieged by illegal money-changers and would-be buyers of jeans.

Cynics are pointing out there may be another cause, quite unrelated to the vigilance of Castro's troopers and the discipline of local "committee's for the defence of the revolution." Most of the tourists visiting Cuba in recent years have come from Russia and other communist countries. So they have been pestering those Cubans with relatives in Miami for their Western clothes. By the time the Cubans realise that people far more affluent than themselves are in town, the conference will be over and the guests departed.




## Plumbing for gold

Britain's young gas-welders, hairdressers and plumbers are limbering up for Olympics with a difference, already under way in Ireland—a display of pyrotechnics by 276 apprentices from as far away as Taiwan, the U.S. and Liechtenstein, in the 25th International Apprentices' Competition.

Unfortunately the Iranian team, which was to show the world a thing or two about engineering and construction, has had to cancel its trip due to unforeseen circumstances. According to the organisers, the possibility of politics intruding is further reduced by the fact that no Communist country has ever shown interest in taking part. "Taiwan has always participated, and if you had Red China in, there's be a problem," says Bill Norris, principal of a Bristol techoical college, who helps organise the event. "If the Russians came in it would be an embarrassment to the Chinese. They wouldn't like it anyway—there's a lot of flag-waving . . ."

So the Skill Olympics proceed without any danger of Romanian tv repair men making a dash for it, or Stakhanovite bricklayers building walls and climbing over them.

Despite this potential lack of drama the population of Cork can look forward to a fringe benefit—the four-day hairdressing event will demand a large number of volunteer models to have their hair crimped and permed. Britis hopes of gold medals in this event are invested in the only woman entrant, Jane Parsons, a men's hairdresser, and in Liverpudlian Georgio Romeo, a champion ladies' hair stylist.

## Selling nostalgia

Forty years on the Second World War is being re-fought—in the salerooms. At Pulborough in Sussex at the weekend, real bargains were to be had as military memorabilia were auctioned off. Old sweats from Dad's Army could have kitted themselves out with a battledress tunic, trousers and greatcoat for a mere £10. For Wehrmacht fantasists, the rig was rather more costly—£22 for a tunic and jackboots.

The snips were among the paperwork. A German "canteen" banknote of a type faked in wartime Britain and dropped in shoals over Europe could be repatriated for £10. But a fake £1 note, distributed by Rommel's pilots over El Alamein, was a steeper £32.

Somebody decided Himmler's signature was worth £210. Surely the price for his scrawl was pretty excessive, considering that a workable folding bicycle, of the type which accompanied airborne troops on sorties behind the lines, was a mere £140. In quite a different league was the bidding for three photograph albums presented to Winston Churchill by the War Cabinet. They fetched £10,000.

## Balance blues

It saddens me to report that my efforts to lay bare the drama of real-life accountancy have not fared well. Readers may recall that anecdotes were invited to help the Institute of Chartered Accountants produce a theatrical cavalcade to mark its centenary next June.

A fair crop of tales has come in; but it must be said that they tend towards heavy jocularity. One even touches upon the working relationship between a chartered accountant and his secretary and is not, I fear, suitable for publication in a family newspaper. But there was nothing at all to suggest that accountants feel they are the men to save the nation (the rest of us always think they think that).

Indeed, there was a strong leaning towards self-denigration. Two readers sent in an identical story, about some chaps in a balloon who feared they were lost and lent over to shout to a man in the street below: "Where are we?" The man replied: "You are in the basket of a hot-air balloon, 53 feet above the ground." One of the balloonists shouted back angrily: "You must be chartered accountant—your information is absolutely accurate and totally useless."

## Sharing it out

Enlightened capitalism is a la mode again; and even if it has not revived that near-extinct creature, the small investor, he can at least dream. Stockbrokers Seymour, Pierce tell me they have issued no less than 11,000 copies of their guided tour round concessionary discounts for shareholders. Not everyone, of course, will be interested in the free funeral arranged by Dundonian for those owning £205-worth of their stock. But if you can stand the heat of Cairo in August—pretty sticky, by all accounts—Brent Walker offers a 50 per cent discount on travel and accommodation at its 5-star hotel in Cairo. Further down the market, camping shareholders can save 12 per cent on tens in return for £77 invested in Greenfields Leisure.

## Innocent air

Overheard in a Birmingham hotel bar—"I've got an extremely good tax accountant—specialises in honest mistakes."

**Observer**

FINANCIAL TIMES SURVEY

Tuesday September 4 1979

# Australia

After the prosperity of the early 1970s, Australia's economy suffered traumatic blows from the oil crisis and changing world markets. Today, the country faces rising unemployment and increasing labour stoppages, while real improvements in living standards - once so often taken for granted - now remain elusively out of reach.

## In search of new world markets

By Charles Smith

NATIONS, like people, sometimes appear more attractive to others when they are grappling with problems and difficulties than when they are riding high on a wave of good luck. This certainly applies to the image that the outside world has had of Australia during the past few years.

The sense of almost too easily acquired well-being which pervaded Australian cities and suburbs in the late 1960s and early 1970s tended to suggest smugness to visitors from less well-to-do Europe as, no doubt, it also did to those lucky enough to make the trip from even less well-to-do eastern Asia.

Today, the situation is different. The Australian way of life can still be considered the Good Life if one thinks of the thousands of miles of beaches and the immense reserves of space which distinguish Australia from almost any other country in the world. But the sense that prosperity was something that could be taken for granted has been replaced by a growing awareness that the world does not owe Australia a living. This is hardly surprising in view of the traumatic blows that the nation's economy has suffered since the 1973 oil crisis (and the simultaneous improvements that have occurred in the living standards of some neighbouring countries).

Australia was indisputably the second economic power in East Asia up to the eve of the oil crisis, with the added advantage that its wealth of natural resources created a natural bond and with the region's first economic power (Japan).

Since 1973 this ranking has been challenged by two of Asia's "new industrial countries," Korea and Taiwan, whose land areas and resources are a fraction of Australia's but whose exports are now almost as great. In time, though perhaps not for over a decade, even per capita income levels in Australia could be overtaken by those in the new industrial countries.

The explanation for what has gone wrong for Australia seems fairly straightforward. A succession of Australian governments made the mistake, throughout the 60s and early 70s, of assuming that the possession of rich natural resources (in the minerals and agriculture sectors) guaranteed a flourishing economy so long as the rules of free trade continued to operate in Australia's favour and so long as the nation remained on intimate terms with its friends in the industrial "West" (that is Europe, the U.S. and, most recently, Japan).

The theory broke down after 1973 when worldwide recession meant that the industrial countries could no longer buy Australian food and minerals to the extent that they had done in the past, but its weaknesses should have been apparent much earlier.

Free trade, or rather free access to developed markets, as the rock on which Australian trade and economic policy was based, had begun to look remarkably shaky from the early 1960s onwards as the EEC began to shut off imports of Australian agricultural products in favour of subsidising its own farmers. What happened after 1973 could thus be seen as a re-emphasis of the earlier message that the writing was on the wall for countries which, like Australia, depended only on selling natural resources.

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### Alternative

The alternative to exporting natural resources to developed countries—or at least to doing just that and nothing else—would seem to be exporting manufactured goods to the world in general and to Australia's immediate region in particular. Countries to the north of the Torres Strait (separating Australia from Indonesia) could almost certainly use more of Australia's cheap steel and aluminium—cheap because Australia has the energy resources as well as the basic materials needed for both industries.

The same countries represent big potential markets for the farm machinery and food processing equipment in which the agricultural bias of the economy has given Australian industry a strong competitive edge.

The development of regional markets for specialised manufactured goods exports formed one of the main recommendations of the Crawford Report on Structural Adjustment (a painstaking and exhaustive analysis of the problems facing Australia's economy) which appeared early this year after 18 months of preparation by a team of senior civil servants, trade union leaders and academics.

The Crawford Report also points out, however, that Australia will have to buy more in its region if it is to sell more to it and that this could involve some painful changes in domestic economic policies. What it might mean, in particular, is that protected local industries, which produce "everyday" products such as shoes and textiles at extremely high cost by Asian standards might have to be dismantled in favour of imports.

There is little clear indication at present as to where the Federal Government (as opposed to its bureaucratic advisers) stands on the vexed issues of protectionism and trade relations with the developing world. The Liberal Party—which forms the senior partner in the ruling Federal (coalition) is a business-based party with roots in Melbourne where much of Australia's most heavily protected industry is sited.

### Barriers

Its leader, Prime Minister Malcolm Fraser, seems to be more at ease "cutting up rough" with the governments of developed countries over alleged or actual barriers to Australia's natural resource exports than in the striking of bilateral trade deals with governments in Asia.

Both Mr. Fraser and his party, however, look as though they may be starting to come to terms with the realities in the world outside, if only because the results of the traditional Europe-oriented diplomacy have begun to look so meagre.

One reason why it may not be enough simply to wait for the next resource boom in the developed world to lift Australia's economy off the rocks is that no amount of resource development seems likely to make much impact on the nation's most serious domestic problem—unemployment. Just over 6 per cent of the labour force is now out of work, with the probability that many more people who are not registered as unemployed would be looking for jobs if they thought there was any hope of finding them.

Unemployment, which is heavily concentrated in the lowest age groups, seems likely to rise steadily and to spread progressively into higher age groups, if present trends continue—including those towards ever greater automation in the services sector.

In the longer term, though perhaps not for at least five years, the existence of a group of "non-participants" in the economy could spell danger for the nation's political stability as well as its psychological well being.

A second and more immediate source of instability derives from the fact that the Australian people, deprived of the ever-increasing improvements in living standards that were taken for granted up to the early 1970s, are squabbling increasingly bitterly over how to divide up the cake. The wages of male Australian workers rose by 25 per cent in 1974 and by 35 per cent for women (as the then Labour Government undertook what seems to have been a deliberate attempt to redistribute national wealth away from profits towards wages).

Annual increases have fallen steadily since that time, in line with a parallel fall in inflation rates (which reflects well on the resolution with which the Government has pursued its hard-line anti-inflationary policies).

But the experience of having to hold back indefinitely on wage claims seems to have been proving too much for the labour movement.

From late 1978 onwards, as signs began to appear that inflation might be starting to pick up again, the unions unleashed a hail of labour stoppages—particularly in the public sector—which made Australia temporarily the most disputatious country in the world, where labour relations are concerned (in terms of newspaper headlines, if not also in the actual statistics lost workdays).

The danger which faces Australia as labour stoppages mount and as real improvements in living standards remain elusively out of reach is that what today is simply a peculiarly bad-tempered relationship between employers, workers and the Federal Government could deteriorate into something worse. Communist leadership of some of the major unions may or may not be a factor here—although Mr. Fraser claims to be certain some recent public sector strikes have been "politically motivated."

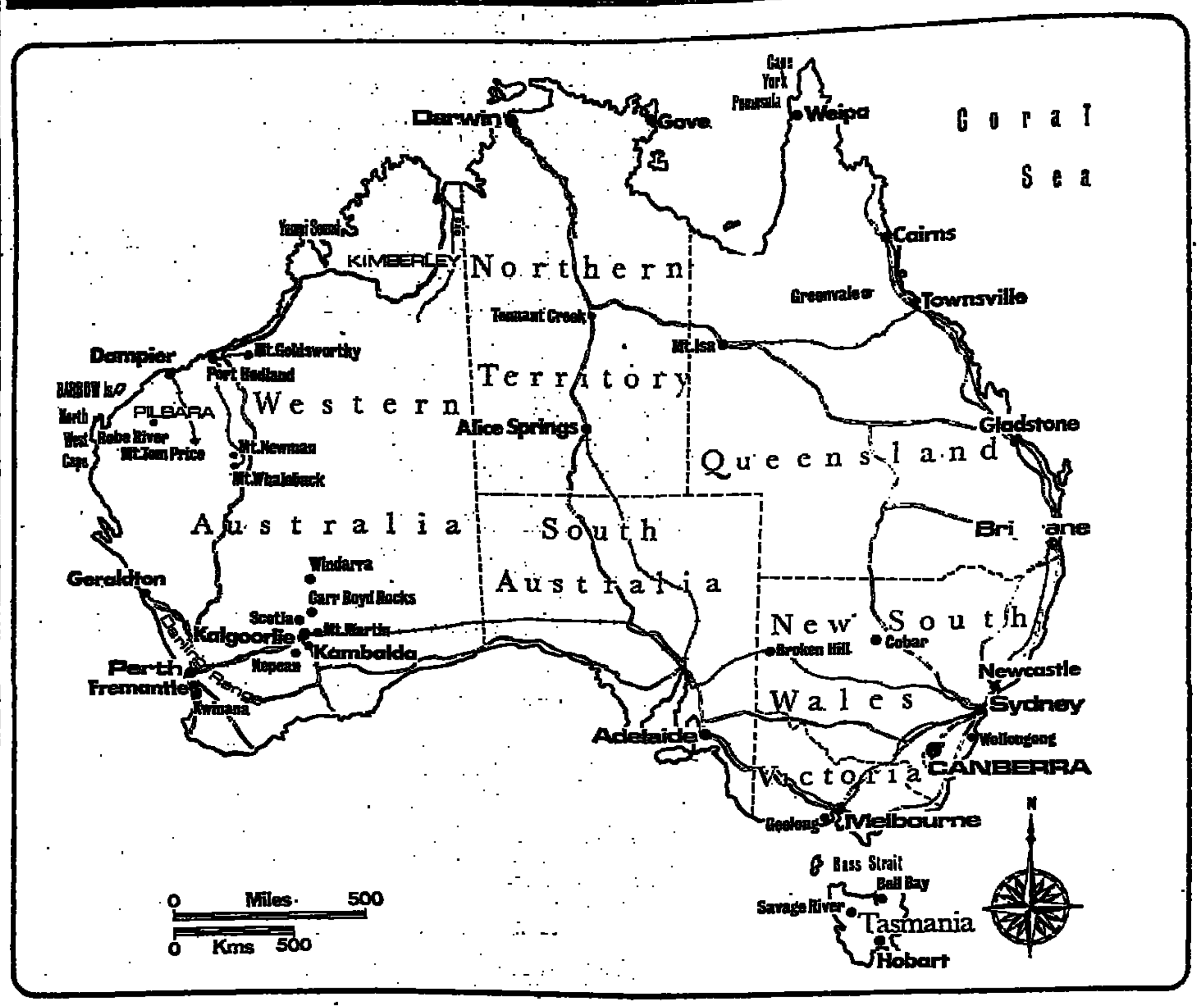
What does seem certain is that labour relations are fast becoming the most contentious issue in Federal politics. They may even have overshadowed the question of whether Vietnamese immigrants are "stealing" jobs or whether the unemployed are, as some businessmen claim, an army of "dole bludgers" living comfortably off Federal unemployment benefits while going through the motion of looking for work.

### Attractions

With all the blows to its self-confidence that the last few years have brought, Australia is still probably one of the pleasantest countries in the world in which to live. The tragedy is that the simple and satisfactory formula for preserving the Australian lifestyle which seemed to work so well in the fifties and sixties has stopped working and has yet to be replaced by anything new. The process of groping for a new set of relationships with the outside world and for new approaches to the solution of internal problems has swept away almost all traces of pre-1973 smugness.

What seems to be needed now is the realisation that Australia does have a role to play in the world—of a very different kind from the one it thought it had.

# AUSTRALIA II




## POLITICS

# Unhappy year for ruling Liberals

1979 HAS not been a happy year, so far, for Australia's ruling Liberal-Country Party coalition. The coalition, according to recent public opinion polls, is less popular with the average voter than the Australian Labour Party was, early in 1975—a year which ended with the dismissal of Prime Minister Gough Whitlam by the Governor General and the crushing defeat of Labor in a subsequent election.

The poll results prompt the question whether the Government has suffered an irreversible decline in its popularity (as Labour undoubtedly did in 1975) or whether there is still time to make a comeback before the next election.

The Liberal Party headquarters in Canberra says there is nothing to worry about. It claims that the decline in the party's support as revealed in recent polls merely indicates that it is at the bottom of a mid-term slump between its victory in the 1977 election and its (probable) success at the next election in late 1980.

It is also suggested that opinion polls tend to overstate the "degree of commitment" of voters to the two major parties and understate the number of "don't knows" (because voters feel less hesitant about passing judgment on parties than they would if they were actually voting). A substantial floating vote probably exists between the Liberals and Labor which can be drawn back to the Government side by "appropriate policies" before the next election, claim Liberal Party organisers.

## Trouble

The Australian Labor Party, which seems to be in better shape today than at almost any time since the 1975 elections, says the Liberals are in much deeper trouble than this analysis suggests. The Government's economic policy, which has consisted basically of following the Treasury Department's prescription for restoring stability through fiscal austerity, is not working according to Labor (given that unemployment has not fallen significantly and that the inflation rate seems to be starting to rise again).

An incidental result of this failure is that the Liberals have been unable to fulfil a number of their more widely advertised economic commitments. One of these was the Government's promise in its 1978-79 budget that a 1.5 per cent tax surcharge introduced to help narrow the deficit would expire within a 12-month period.

Labor's new Leader, Mr. Bill Hayden, a quiet spoken ex-policeman who taught himself economics in a home study course in the early 1960s, gained considerable political mileage with a recent speech in which he listed the "broken promises" of Prime Minister Malcolm Fraser and sought to argue that Fraser was basically "a man whom the electorate could not trust."

Mr. Fraser's personal popularity rating in the polls fell to its lowest level since the start of his premiership, shortly after

*Australia's Prime Minister, Malcolm Fraser—willing to take unpopular decisions, say his supporters*

the speech was made and since recovered by only one point.

The broken promise charge, however, was probably not the only reason for this collapse of support. Fraser has been seen increasingly, (within his party, as well as outside it) as a man who may simply be too aloof and too reluctant to listen to other people's advice to lead the country effectively through what is acknowledged to be a difficult period.

Fraser's supporters on the other hand, credit him with political shrewdness and a willingness to take unpopular decisions, as well as with being a man Australians "love to hate."

Controversy about Mr. Fraser has prompted speculation that the Liberal Party might be better off fighting the next election without him, but the real extent of a "dump Fraser" campaign remains extremely difficult to gauge. The Liberal Party has a record of getting rid of its leaders fairly unceremoniously, unlike Labour which normally only considers the leadership question at party caucuses held after elections.

Mr. Fraser's most obvious rivals for the leadership, however, are men who either do not inspire any particular enthusiasm or who are still too low in the party hierarchy to be serious candidates for the top post.

In the first category is Mr. Andrew Peacock, good looking and "personable," but, reputedly, a somewhat weak Foreign Minister.

In the second is Mr. John Howard, the Treasurer. Mr. Howard has earned himself a reputation for "unflappability" in the midst of the Government's recent difficulties in handling the economy, but he has only just turned 40 and is generally thought to be loyal to Mr. Fraser (who promoted him unexpectedly from a much more junior Cabinet position in 1978.

A glance at the available candidates thus suggests that Mr. Fraser may not be easily displaced, despite the fact that some Liberals (as well as most Labor supporters) criticise him for being "arrogant."

If the Liberals do not try to find themselves a new leader and if the economic situation continues to look as gloomy as it does at present, the Government may be forced to fall back on trade union militancy as the most promising issue on which to fight the next election.

Australia has experienced a wave of damaging strikes, particularly in the public services sector (posts, telecoms, railways and so on), since the start of 1979 and the indications are that the average voter (including a large portion of the substantial majority of Australian workers who are unionised), have become thoroughly fed up with this situation. A poll conducted in Sydney by a major newspaper publishing group found that an impressive total of over 750,000 respondents thought that trade union behaviour was unreasonable.

Mr. Fraser has reacted to this situation by adopting a strongly anti-union stance in recent public statements and by toughening the Government line in labour disputes where the federal authorities are directly involved. As an instance of this the Government "proclaimed" in mid-July a special law on the employment conditions of workers in the Government sector which allows it to suspend or dismiss striking workers and also enables it to "stand down" (suspend temporarily) workers whose jobs become superfluous because of stoppages by colleagues.

## Support

This action, together with frequent warnings about the "politically disruptive" intentions of the Communist leaders of some major unions, appears to have won a positive response from most sections of the community: indeed, Labo Party organisers admit to being worried that the party has no effective way to counter the Government's tactic of acting tough with organised labour (other than accusing it of provocation, which does not seem to have worked).

The problem about the union issue, so far as Mr. Fraser is concerned, is that it may not stay "hot" until the next election falls due, in December, 1980. In order to extract the maximum electoral benefit from the current spate of labour problems — and the public's apparent sympathy for the way the Government has handled them—Mr. Fraser could (so Labor Party organisers argue) take the drastic course of calling an early election in December 1979, instead of waiting for the latest constitutionally permissible date, a year later.

Fraser has called early elections in the past and the tactic seems to have worked to his benefit on both occasions. An early election next December might offer the additional attraction of pre-empting anti-Fraser moves within the Liberal Party—if these are really moving under way.

Against the theory of an early election is the argument that the party would have to move extremely fast in order to make up for lost ground at the polls by the end of this year. It is also being recalled that the Liberal Party justified its decision to bring forward the date of the last election (in 1977) by claiming that it was desirable to synchronise polling days in the Upper and Lower Houses of Parliament. An election held in December 1979, would result in the de-synchronisation of Upper and Lower House elections and would thus be hard to justify from a rational (as opposed to a politically opportunist) point of view.

## Remind

The odds against a Liberal-Country Party victory in 1980 (or 1979), as indicated by the polls, have to be set against the important fact that, in the past, Australians have often voted conservative (i.e. for the Liberals and the Country Party), even when the polls and they would vote Labor. The Liberals came from behind in the polls to win a comfortable election victory in 1977 and party organisers remind sceptics that December, 1979, will mark the end of a 30-year period during which the Liberals will have been in power for 27 years.

Australia, according to a political analyst who probably leans to the Left, is a "basically conservative" nation, in part because of the high proportion of immigrants in its population. It is also, however, a nation in which political polarisation has become an increasingly visible trend in recent years.

Extreme conservatism in states such as Queensland and Western Australia exists side by side with strong Maoist and Trotskyite influence in the union movement and with a Marxist wing (the Socialist Left) in the Australian Labor Party which is now probably as powerful as the party's moderate Right. It is possible that conflict between political extremes rather than monotonously continuing Conservative rule could become the outstanding feature of Australian politics in the early 1980s.

**Charles Smith**

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## THE ECONOMY

# Tough policies continue

THE AUSTRALIAN economy, in the words of a senior Treasury official, is still "going through the rollers" following the traumatic experiences of 1974-75, when a domestic wage explosion coincided with a collapse in demand for mineral exports and sharp increases in the prices of most imports.

"Going through the rollers" means, in practical terms, that the Government is still attempting to follow a tough fiscal policy and that efforts continue to prevent wage increases from equalling cost of living increases.

The results of such policies have included the halving of Australia's inflation rate over the four years ending in December, 1978, and the restoration of much of the competitive strength (*vis-a-vis* other economies) that Australian industry lost during the 1974 wage explosion. What casts something of a cloud over these achievements is the fact that inflation now appears to be picking up again, even though unemployment is still high and the economy, as a whole, is hardly in a state which could be described as booming.

### Doubts

Australia recorded a 4.7 per cent increase, in real terms, in its Gross Domestic Product in fiscal year 1978 (ending June 30, 1979). This was the highest rate since before the 1974 recession and might seem to indicate that the Government's patience in holding down public spending and restraining wage increases was at last being rewarded. A closer look at the situation, however, prompts serious doubts about the solidity of the recovery and about the chances of its being sustained into 1980 or beyond.

The first important point about the economy's 1978-79 performance is that it would have looked considerably less impressive if the farm sector had not struck a lucky combination of record crops (in wheat, oats and barley), combined with high international price levels (for most grains, and for beef which has shown a 70 per cent price rise compared with one year ago). GDP growth, excluding the farm sector, is estimated to have risen by about 2.8 per cent for the 1978 fiscal year which represents a shortfall of slightly more than 1 per cent from the Government forecast (published concurrently with the 1978 budget).

*The 2.8 per cent figure* compares favourably with expansion of just over 1.5 per cent in fiscal year 1978 and seems to have been reflected in higher operating rates and better profits throughout much of Australian industry. Even this has to be viewed with caution as evidence of real improvement in the economy, however, given the doubts about returning inflation.

Australia's year-to-year inflation rate at the end of June (in terms of the consumer price index) was 8.8 per cent, an 0.9 increase from the rise recorded in June 1978 and a substantially higher figure than the Government had aimed for at the time the 1978 budget speech was drafted — the Treasury went on record at that time with the forecast that a 5 to 6 per cent inflation rate might be within reach by the end of fiscal 1978.

Higher inflation is attributed in large part, to factors outside the Government's control (such as recent *increases in food*, and particularly meat, prices, which have benefited the farm sector while hitting consumers). It also reflects the Government decision a year ago to raise domestic oil prices in one jump to international levels (by means of a levy which has since become an important source of revenue to the Federal Budget).

Oil prices will go up again this winter in Australia as the July OPEC increases work through to the domestic market. This means, according to the Treasury officials, that inflation will almost certainly increase in the December quarter — and, according to non-official sources, it may hit double figures in 1980. The rate of inflation could conceivably have been cut back if the Government had introduced a really tough budget for 1979-80, instead of the fairly middle-of-the-road budget which was *in fact unveiled* by the Treasurer last week. But experience with the "tough" 1978-79 budget suggests that fiscal policy in Australia is still a fairly blunt instrument for guiding the economy.

The *fiscal 1978 budget* provided for a deficit (on Federal spending alone) of A$2.8bn which would have been A$500m less than the actual deficit in the previous year. Government estimates of both income and expenditure, however, turned out to be badly out of line with the result that the actual deficit came to A$3.4m—after a May mini-budget in which some highly unpopular tax measures were introduced to prevent the appearance of an even larger deficit.

One of the reasons why revenue estimates came unstuck in 1978-79 was that tax receipts failed to live up to Government expectations. On the income side, Government forecasts were thrown out partly because the cost of financing public debt ran ahead of expectations after interest rates began to rise at the turn of the year.

The fact that inflation is on the move again in Australia can hardly be considered remarkable, in that the same thing seems to be happening in most other developed countries. What is worrying about the situation in a specifically Australian context is the impact that *returning inflation seems* to be having on labour relations.

### Strikes

Days lost through strike action began to increase sharply in the last few months of 1978 as trade unions got the message that movements in the consumer spending price index were beginning to leap-frog over the wage guidelines set by the now-partisan Conciliation and Arbitration Commission (instead of following the Commission's awards downwards as had been the case during the previous couple of years). Labour stoppages increased still further in early months of 1979 *and reached a climax* in the middle of the year as postal and telecommunications and the national railway system were put out of action for weeks on end.

The impact of labour stoppages on exports and on domestic economic activity has yet to be reliably estimated (although a ten-week stoppage at the Hammersley iron ore mine in Western Australia apparently deprived the country of over A$100m-worth of exports). It does seen certain, however, that the strikes have done severe psychological damage. A remarkable 54 per cent of Australian businessmen polled by the Confederation of Australian Industry were expecting an upturn in *economic* conditions in March this year — before the strike situation had reached its climax. By June, the number of "optimists" had fallen to 29 per cent and the proportion of those expecting a deterioration in economic conditions had risen from 2 to 14 per cent.

—Strikes and stoppages in industry (and, still more, in the public sector) have gone on apace despite the fact that unemployment in Australia is still at, or near, the highest levels the country has experienced since the end of World War Two. The official unemployment *figure for June*, 1979, was unchanged from a year earlier (at 6.1 per cent), although the Government claims that the number of people working in the private sector has begun increasing for the first time since the 1974-75 recession. Against *this modest* pointers towards improvement is the fact that labour force participation rates are considerably lower today than in the 1970s. This means that a significant number of people are probably not registered as unemployed for the simple reason that they have given up hope of finding work—one official estimate puts the number of such absentees from the labour force at around 60,000.

In contrast with the gloom inspired by returning inflation and an apparently worsening labour situation, Australia's external payments situation seems to have been improving during the past few months for the first time in quite a number of years. The deficit on current account was running at an annually adjusted rate of A$2.5bn during the second half of fiscal 1978-79, compared with a payments gap of A$3.17bn for the year as a whole.

### Exports

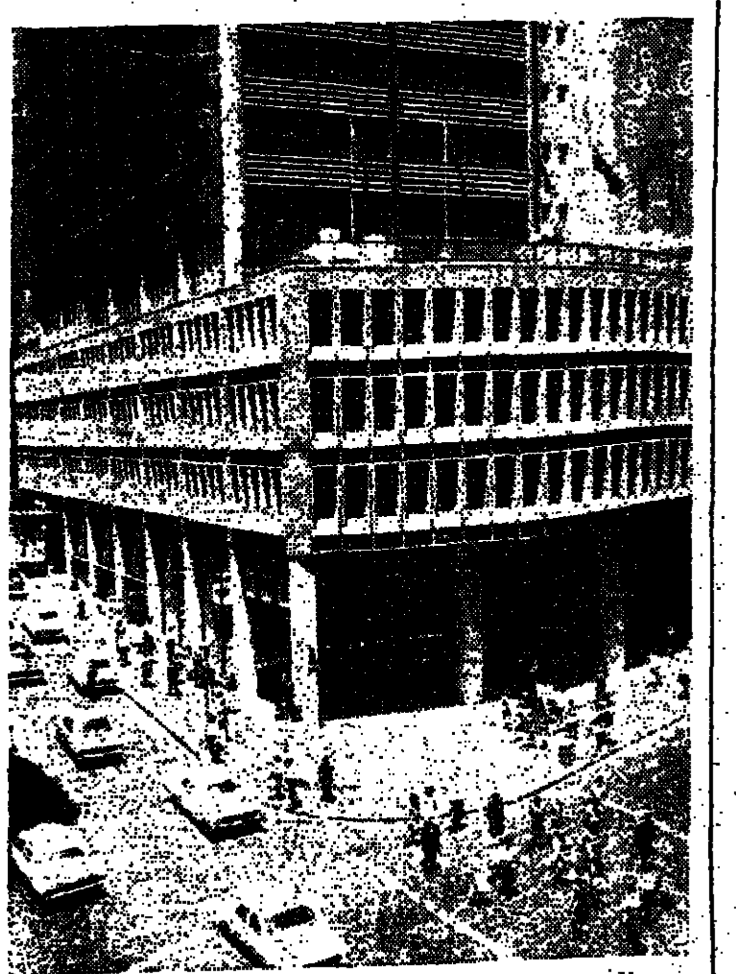
Exports, particularly of agricultural products, were showing signs of gathering strength in the early months of the year as the volume (and prices) of shipments increased substantially.

On the capital side of the account, a sharp recovery in private capital inflow seemed to indicate a return of faith on the part of foreigners in Australia's long-term growth prospects, and a revival of interest in several specific sectors — especially aluminium development where, to quote another top official, "we now have projects coming out of our ears."

The Government has welcomed *the improvement in the* overseas sector as a sign that it was right to resist a major devaluation of the Australian dollar in late 1977 when the deficit was increasing rapidly. It has also announced the suspension of the heavy programme of overseas borrowing initiated two years ago under which Australia raised a total of A$3.3bn in overseas markets (up to February, 1979). This does not mean that there is any wild official optimism about the future of Australian exports or about the return of incoming foreign investment to pre-1973 levels.

Australian trade and investment prospects continue unlike some conditions at home—to improve modestly, but there is still a very long way to go before the situation could be described as "excellent."

**C.S.**



*The modern offices of a branch of the Australia and New Zealand Bank in Sydney*

## BUDGET CONCESSIONS

**THE 1979-80 Australian Federal Budget was less deflationary than originally suspected, principally because of share increase in revenue from crude oil in the wake of the recent OPEC oil price rises.**

In June, the Government altered its pricing policy for local crude and now takes by far the lion's share of increase in prices resulting from OPEC changes. This alteration is expected to lift crude oil receipts from A$1.19bn to A$2bn and save the Government more leeway. This enabled the Government to scrap, from December 1, a 2.57 per cent income tax surcharge, introduced in the 1978-1979 budget and originally promised to only last until *July 1*.

The Government backed off this promise in May when it introduced a "mini" Budget, in which the surcharge was extended until November 30. At the same time, the Government suspended income tax indexation and said that it would be reviewed in the August Budget.

The Treasurer, John Howard, indicated that whether it could be restored in 1980-81 depended on general economic conditions and said that wage decisions by the arbitration commission would be relevant.

For the first time in years the average working man loses nothing. There were no indirect taxes. Virtually the only impost was a *rise of 25* cents in the cost of chemists' prescriptions. The removal of the surcharge will mean an increase of about A$4.45 a week in the average take home pay. The Government has also restored pensions for the aged and sickness benefits, and the unemployment benefits to people over 18 with dependents to six monthly indexation, rather than yearly.

Industry also fared *better* than expected. The company tax rate was left at 46 per cent, despite strong reports that it would rise to 47.5 per cent, while a much-touted 15 per cent excise on wine, failed to materialise. Instead private companies can now retain 70 per cent of their profits instead of 60 per cent before they incur undistributed profits tax—a move aimed at ensuring adequate working capital for small businesses.

Moreover, an existing tax rebate of 30 per cent on share capital subscribed for offshore petroleum exploration and development has been extended to onshore petroleum activities. The existing export duty on coal is reduced from A$3.50 (£1.80) a tonne to A$1 for new open-cut coal mines. The reduction of coal export duty does not affect existing open-cut coal exporters who will continue to pay A$3.50 a tonne.

The overall Budget deficit is forecast at A$2.19bn compared with the 1978-79 forecast of A$2.8bn and the actual figure of A$3.48bn. Gross domestic product is forecast to rise by between 2 and 2.5 per cent.

The inflation rate for 1979-80 is expected to be a little more than 10 per cent and the growth in money supply will be no more than 10 per cent. There was no forecast on the trend of interest rates but the Indications are that the long-term bond rate is unlikely to fall from its present level of 10.1 per cent and that any pressure will be upwards.

No move was taken in the budget on tax avoidance—although it was pointed out that the 1978-79 revenue shortfall included A$180m in tax avoidance, that an "abnormally high" A$413m from tax avoidance schemes was included in total income tax outstanding at June 30 and that this year's revenue allowed for another A$250m for possible loss through tax avoidance. The Government is expected to take legislative *action, during the Budget* session of Federal Parliament.

**James Forth**

## FOREIGN POLICY

# Emphasis on East Asia

AUSTRALIA'S FOREIGN policy, as revealed in the internal structure of its Ministry of Foreign Affairs, focuses heavily on regional relations and on a variety of global issues (ranging from nuclear proliferation to sea-bed exploitation) which are felt to be of specific concern to the national welfare.

Relations with relatively distant areas of the world, such as Africa or Latin America, and even Western Europe, tend to receive cursory treatment (except when, as in the case of the Rhodesia issue, membership of the Commonwealth obliges Australia to play a role).

The Foreign Affairs Ministry at the moment boasts a single "Western Division," covering Europe, the U.S. the Middle East and Africa, two Asian divisions, and an impressive array of non-regional divisions covering nuclear affairs, defence, economic relations and aid.

Issues rather than regions have thus determined Australia's approach to foreign policy-making (since the Foreign Ministry adopted its present lay-out in 1972) with the sole exception of East Asia where regional relations remain important.

Within the East Asian region, the South-East Asian "land bridge" is the area that matters most to Australia from a strategic viewpoint, while North-East Asia (China, Japan, Korea, and so on) figures prominently as a main target of economic diplomacy.

Australia's policy towards South-East Asia has focused principally on doing whatever can be done (through aid and defence co-operation) to maintain stability in the region and to keep greater power involvement at a low and balanced level.

Australian air squadrons in Malaysia and military co-operation with Papua New Guinea and Indonesia, represent part of the "defence input" into regional stability.

On the aid side, Papua New Guinea figures prominently as the recipient of A$250m worth of aid per year (including Budget aid), while Indonesia receives A$60m.

The weak point about Australian diplomacy in the ASEAN region would seem to be that the relationship looks different from the viewpoint of the five member countries of ASEAN (the Association of South East Asian Nations) from the way it appears to Australia.

Bilateral economic relations (including a A$300m deficit on two-way trade) clearly strike the ASEAN nations as of some significance, as does the fact that Australia's tariff and quota system makes its market highly impenetrable to ASEAN-manufactured goods exports.

Australian officials betray a slight tendency to poo-poo ASEAN concern about the trade relationship. The Australian market is not the solution to the export needs of newly-developing nations further north (says the Foreign Ministry's OECD section), for the simple reason that it is not large enough.

### Opportunities

Officials also say that ASEAN has "as much chance" as any other region of selling to Australia (although seemingly not a great deal where textiles, footwear and other light manufactures are concerned). It could, according to the Ministry of Commerce and Industry, have marginally more chance than some other developing regions thanks to an "early warning" system under which Australia has undertaken to advise the ASEAN countries of industrial protection cases due to come up before the Industries Assistance Commission.

The Australian tendency to see economic issues involving itself and one or other of the ASEAN countries as being just that and nothing more was highlighted by the now famous air fares issue which originated with a Qantas proposal to fly passengers to or from London at special rates provided they did not stop off at Singapore. The issue was handled initially in the Transport Ministry and subsequently in the Economic Affairs division of the Foreign Ministry (not the section dealing directly with ASEAN).

Meanwhile, Singapore (the only ASEAN country directly affected by Australia's actions) was successful in putting air fares on the agenda of an ASEAN meeting which moved as far as hinting at sanctions against Australian exports if the original Qantas proposals were carried through.

Officials in the Ministry of Foreign Affairs say that an "accommodation agreement" is now pending on the air fares problem which (they still claim) is essentially a bilateral matter between Australia and Singapore.

The main non-economic issue which Australia has had to tackle in South-East Asia during 1979 has been that of reacting to events in Indo-China, and specifically to the Vietnamese invasion of Cambodia. The Government (but not apparently the Ministry of Foreign Affairs) opted to suspend Australia's bilateral aid to Vietnam as a way of showing "displeasure" at Hanoi's behaviour. Officials say that Hanoi reacted mildly to this gesture which involves the A$4m balance of a $A7.5m programme extending over three years.

Outsiders say the Australian Foreign Minister, Mr. Andrew Peacock, originally wanted to continue the aid programme with no more than a warning to Vietnam (the policy followed by Japan) so as to avoid making Vietnam more than ever dependent on aid from the Soviet Union and Comecon. Mr. Peacock, however, was "rolled" on the issue by the rest of the Cabinet.

Australia's relations with North-East Asia involve fewer worries about regional security (despite the much greater reality of great power tensions in the area) and more concern about the safeguarding of national economic interests. Japan ranks as the number one focus of attention, thanks to its role as Australia's leading trade partner and appears to inspire a certain uneasiness in Canberra despite the official cordiality of two way relations.

A lengthy report on Australia-Japan relations, published in the summer of 1978, led to the formation within the Government of a Japan Secretariat whose official function is to centralise governmental dealing with Tokyo.

The Japan Secretariat services two committees, one consisting of the ministers and senior bureaucrats of seven Government departments which meets once every two months to consider all aspects of Australian relations and the other consisting of the same people, plus a roughly equal number of top businessmen.

### Fears

The function of this elaborate piece of machinery is to "deal with Japan Inc" according to one of the officials involved (who adds that he fears the committees' efforts are "doomed to failure").

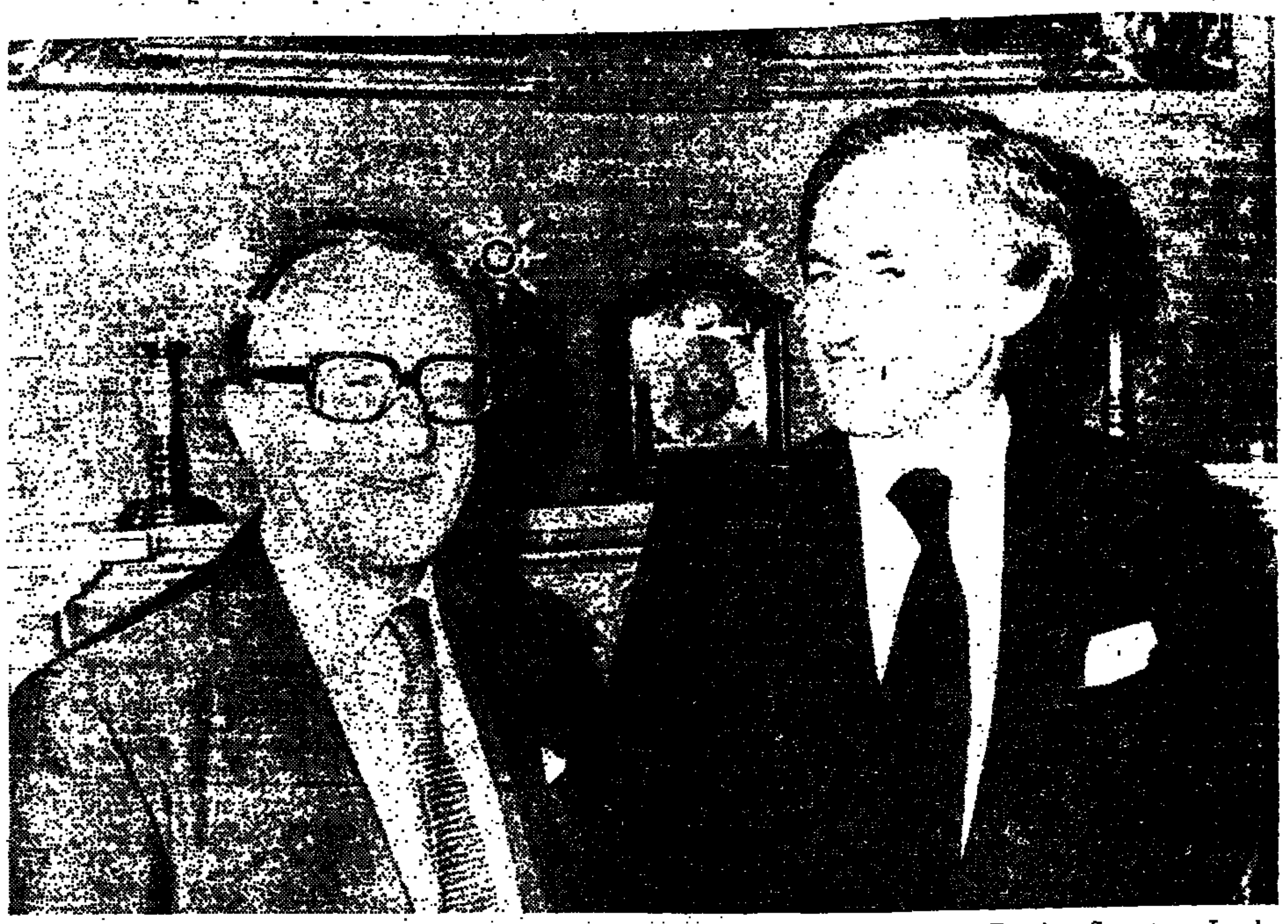
Officials say they are "groping" towards the establishment of a balanced all-round relationship with Japan but are at a loss how to develop the "human" side of the relationship to the point where it matches the trade side.

The same problem apparently does not exist where Australia-China relations are concerned, even though these only date from 1972 (when the Labor government performed the long overdue task of recognising Peking).

China has emerged in the past few years as Australia's largest customer for wheat and its fourth biggest market overall. It has been visited by virtually every minister in the Fraser Cabinet and by more Australian citizens than nationals of any other country, except Japan (according to Mr. Philip Lynch, the Minister of Commerce and Industry). What it has not as yet managed to do is to sell its own light manufactured products in large amounts to Australia, but this (claims the Australian Government) is a matter of "secondary consideration" to Peking.

Australia likes to see itself as being responsible for "bringing China out" into the international community (an idea which several other nations probably share). Ironically, Japan seems to have taken upon itself the task of "bringing Australia out," judging by its attempts to sponsor Australian membership of the Tokyo seven-nation summit meeting. Whoever is engaged in "bringing-out" whom, relations between Australia and its trade partners in North East Asia seem relatively friendly and problem-free — certainly more so than those with nations nearer home.

**C.S.**



*Australia's Foreign Minister, Mr. Andrew Peacock, with his British counterpart, Foreign Secretary Lord Carrington, when they met at the Foreign Office in London for talks recently. Mr. Peacock's visit was part of his world tour, which also included a visit to China. The controversy surrounding Australia's Prime Minister, Mr. Malcolm Fraser, has prompted speculation that Mr. Peacock could become a rival for the leadership of Australia's Liberal Party.*

## FOREIGN INVESTMENT

# Big cash inflow

AUSTRALIA IS facing the biggest inflow of foreign investment funds in its history, but the degree of overseas investor confidence remains ambivalent —which is a paradox that deepens somewhat when it is realised that the flow of foreign capital into Australia is already running at its highest level for seven years.

Confidence of foreign investors has been dented in a number of ways. The Fraser Island expropriation (where Dillingham Corp. of the U.S. was forced to surrender its mineral sands operations), the lack of a concise and consistent set of foreign investment guidelines, a poor industrial relations record, worries over the election of a Labour government, fears over the ability of the Fraser Government to control a hitherto runaway deficit and—to a lesser extent—the inherent strength of sterling, have all played their part.

On the surface, at least, foreign investment in Australia looks decidedly healthy. It jumped dramatically in the June quarter, with overseas interests winning approval to invest in 287 projects, worth a total of A$1,400m. This projected capital inflow was more than three times that of the March quarter (itself a strong increase on the previous December quarter) and about twice the average quarterly figure of A$730m for the first three quarters of the 1978-79 financial year.

For 1977-78 as a whole, foreign investment in Australia in 1977-78 totalled almost A$3,000m, about A$1,000m more than the previous year.

And over the past 14 months, the Government—with its eye firmly fixed on the budget deficit—has tended to adopt a more pragmatic view of foreign investment.

First, there was the relaxation of the foreign investment policy in June, last year, to grant honorary Australian status to overseas companies which agree to "naturalise." To qualify, foreign companies must have at least 25 per cent local equity and give a public commitment to reach at least 51 per cent. The foreigner must also appoint a majority of Australians to its board. CRA, the RTZ offshoot, has already committed itself to "naturalisation" under these new proposals.

Second, the rules governing foreign entry into iron ore projects will be relaxed, if need be. In May this year, Mr. Anthony, Deputy Prime Minister and Minister for Trade and Resources, said the Government would be only too happy to take a higher percentage of foreign investment in projected iron ore mines if sufficient funds could not be raised from Australian interests.

Mr. Anthony did not want to see anything stand in the way of new projects, even though the Government's own export guidelines require iron ore projects to have Australian ownership of at least 50 per cent.

Much the same has happened with the guidelines on investment in uranium. Australian equity in any uranium mine had to be 75 per cent but in June, this was reduced to 50 per cent as long as it could be shown to be in the project's interests.

Thirdly, the exchange control requirements on the remission of net earnings from direct investments in Australia were eased last March. This meant that earnings from such investments could be retained overseas for the financing of growth in working capital and for firmly planned future expansion without specific prior reserve bank approval.

And finally, the Foreign Investment Review Board (FIRB) appears to have taken a more lenient and flexible attitude towards overseas takeovers in Australia.

FIRB approval for major foreign acquisitions in fiscal 1978-79 has included the A$42m takeover of Adelaide Glass Group, Sola Holdings, by Pilkington Brothers of the UK; the A$34m takeover of tea and coffee group, Bushells Investments Ltd., by Brooke Bond Liebig of the UK; the A$13m takeover of the Jeans Group, AMCO Holdings, by Blue Bell Incorporated of the U.S.; the Mitsubishi purchase of a 40 per cent stake in White Industries' Ulan coal deposit in the Hunter Valley; the A$16m takeover of printing and stationery group, W. C. Penfold, by Jefferson Smurfit of Ireland (although

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## BANKING

# A marked loss of confidence

AUSTRALIA'S BANKING and finance industry has been through a fairly traumatic year, and there may be further traumas ahead. The turmoil came through the collapse and near-collapse of several large finance companies.

*In one case* a major trading bank was threatened which would have caused a serious upheaval and loss of confidence in the *entire financial* system. A disaster was only averted through combined action by the Reserve Bank—Australia's Central Bank and the other major trading banks to mount a rescue operation, which involved the merger of the ailing bank, the Bank of Adelaide.

The shock waves are still being felt: there has been a marked loss of public confidence in finance companies which are finding it much harder to borrow funds from the public, and may yet lead to a round of finance company mergers. As if this was not enough, the Federal Government in January announced a sweeping inquiry into the entire financial system—the first full-scale investigation of the system since 1937 when a Royal Commission into monetary and banking systems was held. The terms of reference were deliberately made as wide as possible to enable the inquiry to cover all aspects of the financial system.

A five-man committee headed by prominent businessman Mr. Keith Campbell, the chief executive of property group Hooker Corporation, and chairman of *the Merchant Citinational, was* appointed to head the inquiry, which has become generally known as the Campbell Inquiry.

## Structure

The terms of reference empowered the committee to look into the structure and methods of the system, including, banks and non-bank financial institutions, the securities industry, the short-term money market, specialist development finance institutions and the Reserve Bank. The committee was also asked to look at the legislation and regulations governing the operations of the system.

To make sure the inquiry is unfettered a catch-all reference was added which enables the committee to inquire into—and make recommendations on—"such other matters as the inquiry believes relevant to the generality of its inquiries."

The inquiry has spent its time to date organising itself and taking submissions from interested parties. So far more than 200 submissions have been received, of which about 150 have been made public. They include submissions from the trading banks, separately and collectively, merchant banks, finance companies, farmers groups, industrial companies, the stock exchanges, foreign banks, state government and public service departments.

There have been few surprises so far with the submissions reflecting the views of the interest group to which they belong. The foreign banks want access to the restricted Australian markets, the Australian trading banks are happy to leave things as they are although claiming that they are not afraid of possible competition from foreign entrants.

The trading banks' main argument is that existing controls over the banking system should be relaxed as they have only led to a proliferation of non-bank financial intermediaries which are able to bypass the controls over the banks. Alternatively, the banks suggest that controls should be extended over the non-bank intermediaries, a power which was made available to the Reserve bank under legislation passed in 1975 but which has not been used.

Through the Reserve Bank the Government can control the level of bank lending, control key interest rates, thus influencing the spectrum of interest rates. The Reserve also virtually dictates the banks' liquidity ratios, through a "convention."

*The inquiry is due to start* public and private hearings next month and interest can be expected to rise sharply. The *inquiry is expected to put out* several reports at intervals, rather than attempt one massive report which would *almost certainly limit the prospects* of many recommendations being considered, let alone implemented.

Some observers *believe this* is a likely prospect in any case, and the Government was indulging in window-dressing in establishing the inquiry. They point to the relative lack of success of many inquiries in the past. The chairman, Mr. Campbell, recently publicly stated that there would "certainly be some hard feelings" if the reports were not heeded and simply forgotten. Campbell said that if this occurred governments would not find "good people" to take part in committees of inquiry—"we are not interested in exercises in futility," he said.

While the inquiry will range far and wide, there are a handful of issues which appear to dominate the submissions. These are the question of allowing foreign banks access to the local market, the establishment of a genuine foreign exchange market, or at least the widening of the present system to take it from the exclusive province of the trading banks and a widespread desire for less regulation of the system, including the banks.

It seems generally accepted, even by the banks, that some changes are *likely*, although there is less agreement on what form they will take. It has in *any event* been a year in which changes were already taking place within the banking system.

One change for the better was a move by the banks for greater disclosure. In mid-1978 it was announced that in future the banks would reveal reserves previously "hidden" in provisions for contingencies and long service leave and other provisions. However, the banks are still able to keep secret the *extent of any provisions* for bad and doubtful debts.

## Disclosure

The changes are along the lines of disclosure changes adopted in the UK several years ago. Although the banks did not have to make full disclosure until the 1978-79 results, they all chose to lift the veil as their 1977-78 figures came out. The result was that a staggering A$375m was revealed which had hitherto only been guessed at. It ranged from A$203m from the Commonwealth Bank down to A$2.9m for the Bank of Adelaide.

Changes were also made on the foreign exchange front. In June the banks started operat*ing an official currency* hedge market, although an unofficial hedge, or grey, market has existed for several years.

Moreover, a currency futures market has been approved by the Government and is soon to start operating in Sydney. These moves suggest that the authorities are already making the mental adjustments necessary before they will agree to a genuine foreign exchange market. For years, the Treasury in particular, has resisted such a market because it felt that it may lose control of the currency to speculators.

Whether or not the banking and finance community suffer any traumas over probable changes looming, they have certainly been through a *traumatic few* months following the collapse, early this year, of the major financier, Associated Securities. ASL was placed *in receivership* after its 48 per cent "big brother," Ansett Transport Industries, withdrew further support.

Midland Bank of the UK has new acquired the ASL business but not before it created shockwaves which *brought* other financiers to the brink of disaster and which has badly dented public confidence in the industry.

The ASL development was basically an aftermath of the collapse of the property boom in *1973. ASL lingered on* for years but finally succumbed which caused a re-think about the assets of other financiers, *despite* heavy write-offs by many financiers in recent years against property assets.

In May, public confidence was further badly shaken when the trading banks had to rally around the smallest of their company, the Bank of Adelaide, and pump in funds in a rescue operation to prevent its collapse. The problem lay with its finance company, the Finance Corporation of Australia, which al*though* wholly-owned, had grown to the point where it was much larger than its parent. The Reserve Bank took a hand *in the situation and the Bank of* Adelaide was forced to accept a merger proposal from one of the larger banks, the ANZ *banking group*.

Understandably, the investing public is still nervous about finance companies, despite the show of strength by the banks. This is hardly surprising as the majority of the financiers do not number an Australian bank among their shareholders, although most have overseas banks or financial institutions as "big brothers."

The major shareholders of at least two such financiers, Beneficial Finance Corp. and Lensworth Finance Corp. were forced to mount support operations to reassure nervous investors. Even so, there has been a marked drop in lending by the public to financiers, with funds diverted to other avenues, particularly Government guaranteed stock.

Some observers believe this will result at long last in a degree of merger and rationalisation among the financiers which has long been tipped, but has never eventuated, largely because the existing foreign shareholders are loath to sell for fear they will not be given approval to re-invest in Australia at a future date.

**James Forth**

| BASIC STATISTICS | |
|---|---|
| Area | 2.96m sq miles |
| Population | 14.26m |
| GNP | A$94.76bn |
| Per capita | A$6,645 |
| TRADE 1978 | |
| Imports | A$14.31bn |
| Exports | A$13.726bn |
| Imports from UK | £856.3m |
| Exports to UK | £349m |
| TRADE 1979 | |
| Imports to end March | A$3,795.6m |
| Exports to end March | A$3,601.2m |
| Imports from UK to end April | £249m |
| Exports to UK to end April | £119m |
| Currency: Australian dollar £1=1.9720 | |

# Cash inflow

CONTINUED FROM PREVIOUS PAGE

this offer was later withdrawn): the A$12.3m takeover of Shipper and Miller, William Charlick Ltd. by the Malaysian-based Kuok Group, and the A$14m acquisition of greeting cards group, John Sands Ltd., by Valentine Holdings of the U.S.

Furthermore, only two of the 287 applications for foreign investments in Australia in the latest June quarter were rejected by FIRB.

But inconsistencies remain, and none more so than at FIRB. The eventual takeover of tea and coffee group, Bushells Investments by Brooke Bond, in late 1978, is a case in point.

Initially, Brooke Bond's offer was rejected by the FIRB on the grounds that it was not in the national interest. One of the major reasons in the rejection was that the Government wanted a greater retention of local equity than the UK group was prepared to offer. But Brooke Bond persisted and, in November, 1978, the Government approved a revised deal on the grounds that Australian interests would acquire a 25 per cent interest in Brooke Bond's local operations, with this percentage increased to 51 per cent within three to five years.

Moreover, the approval was granted even though two Australian companies made counter offers on a Bushells takeover. The Government said the revised Brooke Bond bid was framed to accord with the spirit of its foreign investment policy. In fact, the new offer was clearly made to fit the naturalisation formula, yet company takeovers are supposed to be treated in a separate category with the old rules on foreign ownership applying.

The Government displayed similar inconsistency with its approval of the ARCO purchase of a 38 per cent stake in the Blair Athol (Queensland) steaming coal mine, in favour of an alternative bid from CRA. Actually, the Government chose not to make a decision on the merits of the two alternative bids, and instead gave approval to both. This effectively meant that ARCO, the American oil major, had been given a go-ahead because it was in first and had made a firm agreement with the existing holder of the Blair Athol stake, the Daniel K. Ludwig group, to buy its stake in the mine.

## Hesitation

Similarly, one can hardly excuse foreign investors for being more than a little confused when they discover that the Government's hard-and-fast guidelines on iron ore and uranium mining are not so rigid after all.

Whatever the hesitations of foreign investors, it is clear Australia is about to experience the greatest period of capital development programmes in its history—a programme that will rely heavily on foreign funding. As the Sydney-based economic consultant and advisor, W. D. Scott and Co., predicted last month, almost A$30,000m will be spent on major capital investment projects in Australia in the next five years.

More than half of this expenditure will be on projects in Western Australia (an estimated A$8,750m) and Queensland (A$6,290m), the two States with the richest in undeveloped mineral wealth.

Spending on mining projects will be of the order of A$9,720m, aluminium processing A$2,320m, oil and gas A$4,960m, petrochemical processing A$2,550m, electricity A$6,400m, transport and communications A$1,010m and other manufacturing A$700m.

Obviously, foreign investors will be providing a significant part of the funds for the mining, oil and gas, petrochemical processing and aluminium processing projects and, to a lesser extent, manufacturing.

W. D. Scott noted that the estimated expenditure figure of A$30,000m would probably be exceeded by actual capital expenditures in both mining and manufacturing industries in practice. But it warned that the global economic outlook, while not hurting Australia's level of exports, would probably affect the mix.

"Higher world inflation and oil prices will aid quantity and or price prospects for exports of wools, skins, crude fertilisers, woodchips, aluminium, coal and uranium," the consultant said. "There will, at the same time, be disadvantageous prospects for quantity and real price of exports of iron ore, nickel, alumina, iron and steel, manufactured fertilisers, chemicals and travel services."

The bulk of the foreign funding is expected to come from Japan and the U.S., major trading partners and two countries that have consistently accounted for about half of the capital inflow each year. Aluminium alone will require funds of the order of A$2,500m, with five new smelters given a firm go-ahead in 1979 alone. Five new smelters have been announced for Australia since the start of 1979.

American-controlled ALCOA plans a A$350m smelter at Portland, Victoria with a start-up date of 1983; Alcan, the Canadian-controlled group, will build a A$250m smelter at Gladstone in Queensland, aiming to open in the same year; Comalco, controlled by RTZ offshoot, CRA, has announced a A$500m smelter, also at Gladstone, which will come on stream in 1982; Alumax, an American-Japanese consortium, plans a A$500m smelter at Newcastle (NSW), with a start-up date of 1983; and finally, the French aluminium major, Pechiney, will commission a A$500m plant, also at Newcastle, in 1983.

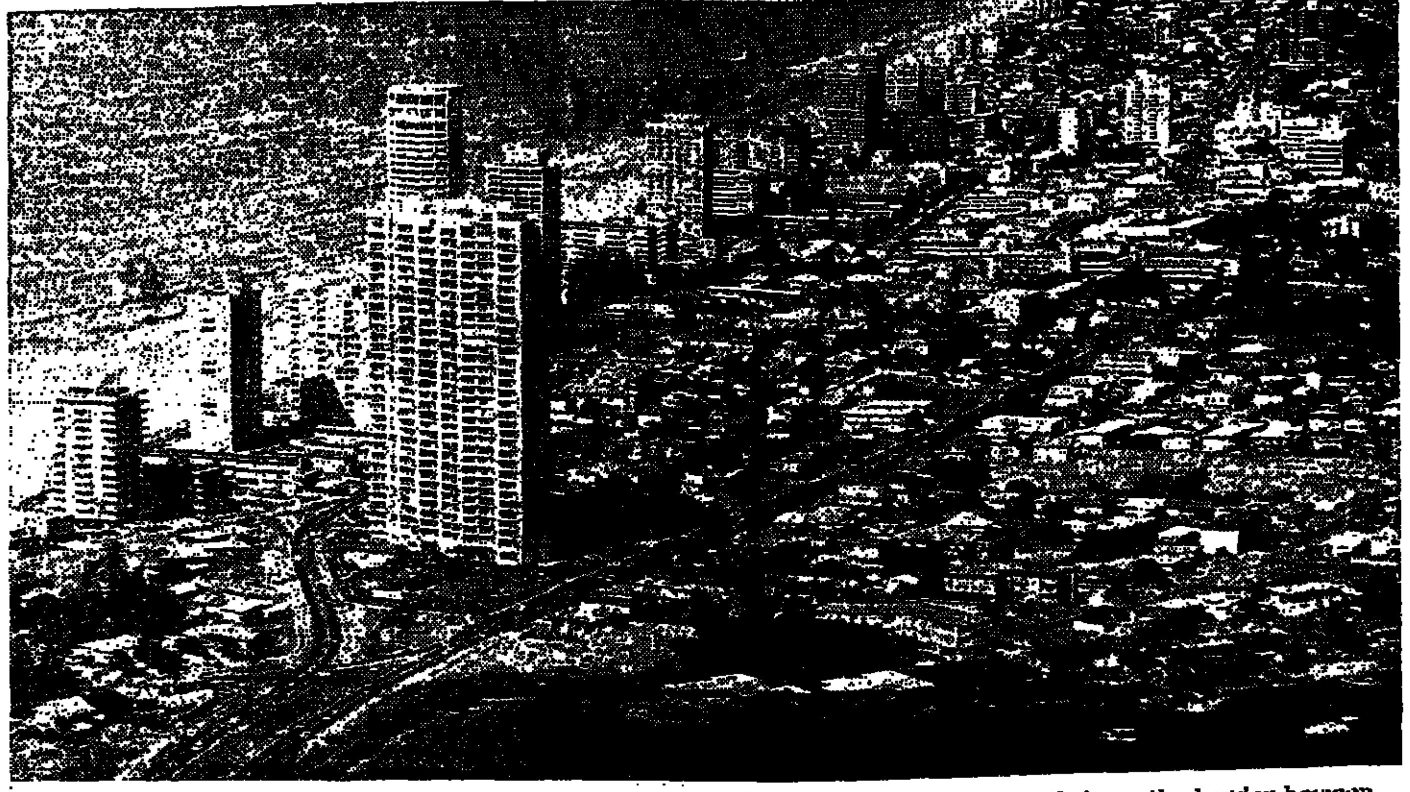
While there will be Australian equity of the order of 50 per cent in each of the new smelters, the bulk of the money will come from overseas.

Coal, particularly in Queensland's Bowen Basin, the Northern Territory uranium projects, the North West Shelf oil and gas development, and a number of assorted mining projects elsewhere, will rely heavily on foreign investment.

**John Alexander**

# QUEENSLAND

# Big potential for economic growth



*Australia's rapidly developing Gold Coast—20 miles of surf and sand, stretching north from the border between Queensland and New South Wales—has won an international reputation as the country's foremost holiday playground. The Gold Coast averages 287 sunny days a year*

AN INTERSTATE coach driver, stopped recently in the middle of the night by a police road-block involved in a national man-hunt, decided to wake his passengers with a gentle joke: "Ladies and gentlemen," he announced, "could you have your passports ready please. We are about to enter Queensland."

The idea that Queensland is a place apart is prevalent both in the other Australian states and in Queensland itself. "The deep north"—"one sheep, one vote"—"a big place for small minds"—are only a few of the many perjorative slogans used in the country's big city south to describe *the state*. Queenslanders, with a genuine dignity but with possibly more than a modicum of self-deception, do not respond in kind. They simply brush aside these charges with a sweep of the hand, saying that one only has to look to see the superiority of Queensland society: a healthy conservatism, based on the principle of free enterprise.

Queensland comprises the north-east corner of the Australian continent and is the country's second-largest state, with more than half of its 1.7m sq kms lying within the Tropic of Capricorn. Its climate ranges from the sub-tropical of the capital, Brisbane (in the south), to the tropical of the north.

## Incentives

Queensland (population 2.2m) is the nation's most decentralised state, initially because of its long, pleasant and productive coastline, then because of the circumstance of mineral deposit location, and more recently because of the Government's investment incentives successfully spreading new industry throughout the state.

Since the early 1960s, Queensland has been the country's major primary producing state, and although it now boasts that secondary industry accounts for more than half of industrial activity, this is still heavily dependent on the processing of mining and agricultural output.

Queensland produces more than half of Australia's bauxite, copper and silver and about a third of its coal, lead and zinc, backed by existing and planned multi-million-dollar refineries and treatment plants. Rural industry, mainly beef and sugar, accounts for about 33 per cent of the state's total products.

Going out of a northern coastal city on one of those small aircraft that Australians seem to use as nonchalantly as people in other countries use vans, the basis of the Queensland economy spreads forward *in grand microcosm*.

First, the conveyor jetties stretch hundreds of metres out to the deep-water ships taking on coal to the south and sugar far to the north. Then, mining railways and the mini-trains of the canefields flow inland.

Next, *come the mountains of* Australia's great dividing range, with its passes shot through with road and rail. And beyond, the sweeping cattle stations of the interior, and then the mining fields, with their herringbone patterns of vast open-cuts and deep pits.

"All the wealth is in the north," says the pilot. "I bet they didn't tell you that down in Brisbane."

Untrue. It may well be in the north, but it is still in Queensland. State officials in their Brisbane towers literally leap to their feet and thrust into the hands of visitors literature proclaiming "Alumina: biggest single plant in world (Gladstone)." Or "Bauxite: biggest-known single deposit (Weipa)." Or sugar cane harvesters: "largest manufacturers." Or even, "Mangoes: biggest producer in Australia."

Queensland, they will say, unsolicited, has 15 per cent of the Australian people but is responsible for more than 25 per cent of the country's exports. The *state has five of the six fastest* growing cities in the country. It has 2,000 projects in the pipeline representing A$15bn-worth *of work*.

Almost to the point of flying in the face of recent world fashion, official Queensland puts, *at least publicly, almost total* faith in market forces. And the words "free enterprise," while understandably tripping off the tongues of conservative politicians and businessmen, just as easily fall from the lips of the people in the street, the newsvendor, the taxi-driver, the secretary, the mine worker, the farm labourer.

"We believe in lower taxes," says Mr. Johannes Bjelke-Petersen, the State Premier. "We believe in making it easier for people by taking the pressure off the demand for higher and higher wages. That's why we have eliminated death duties and gift duties — huge sums of money that were given back to the people because we know that they can spend it better than we can.

"And we are Australia's lowest-tax state, right across the board. In payroll tax we are lower, and in the registration of vehicles; we have no petrol tax, unlike other states."

## Message

The State Treasury, in a recent report, stated the same message, but more succinctly: "The economy is mixed, but the presence of the public sector in the market place is very *limited*."

However, there are many rough edges in Queensland, and not all of them are dug up from the mines. While undoubtedly the state has enormous natural resources, coupled with an expanding and diversifying economic base, and while the majority of the population is obviously prosperous, there is also a sense of the unreal.

Joblessness in Queensland, like the rest of Australia, is running at post-war peaks, yet the word "unemployment" is seldom heard. The Treasury, in the report mentioned earlier, commented: "The supply of labour presently exceeds demand. At the end of January, 1979, there were 78,006 males and females, or 7.98 per cent of the Queensland labour force, registered as seeking employment."

Also like the rest of Australia, there *are* strikes in Queensland, yet the official line scarcely acknowledges the fact. "In Queensland we are the only state which can load cattle when the ship comes in . . . the only state that can load uranium," said Mr. Bjelke-Petersen. "We *load all the uranium from Mary* Kathleen through Queensland. They can't get it out of any other state. We load anything *that you bring. . . . It's as simple* as that."

As in Queensland's economic life, its political life has a certain robust determination. Earlier this month, the Parliamentary debate, on the election *for* Speaker of the House, disintegrated into a 20-minute bout of slurs such as "dingoes," "lackeys" and "toads."

On his election, the new man —the nominee of Mr. Bjelke-Petersen's ruling National Party —said: "A determination of the *functions of the Parliament* should be made by the Government. I believe it is the Speaker's responsibility to interpret these decisions in the manner the Government, of which he is a member, would wish."

*The statement was retracted* as an unfortunate misuse of words to describe an impartial office, but the damage had been done, *increasing the fears* of the Labour Party opposition over the possible erosion of Parliamentary rights.

*A poster circulated by the* State's Liberal Party addresses itself "to all those people who feel powerless in Queensland's *current political situation*." A stranger to Queensland might be forgiven for deducing that the Liberals were in opposition to *the Government*. Not so—and nor are they likely to be—even though many of the party's members might wish it.

Queensland's ruling National Liberal Party coalition has been governing the State for the past 20 years and is assured of remaining in power unless there is a rift of unforeseen magnitude between the two sets of ministers and party leaders.

Using legislation to retain power by manipulating voting boundaries to weight particular groups of voters (the gerrymander) has been part of the state's history since at least 1949, but moves this decade (by Mr. Bjelke-Petersen's Party) have made virtually certain that the current coalition cannot be defeated and that the National Party cannot be relegated as leader of the coalition.

Political scientists at the University of Queensland, after an exhaustive study of the intricate convolutions of the present preference voting system, concluded that the Liberal or Labour Party would have to win at least 54 per cent of first-preference votes if either were to defeat the National Party.

The last election, in 1977, gave the National Party 35 Parliamentary seats on 27.2 per cent of the vote, the Liberals 24 seats on 25.2 per cent and the Labour Party 23 seats on 42.8 per cent.

What this has meant in the current parliament is that for a Government measure to be defeated on the floor of the House the majority of Liberal ministers would have to vote with Labour — something, in terms of Queensland ideologies, that is highly improbable, if not impossible.

## Differences

But differences are building up within the coalition, especially in the area of civil rights—an issue in which Queensland has recently suffered what, in other states, would be considered disastrous publicity and criticism. For instance, Liberal opposition in cabinet was recently responsible for the shelving of laws proposed by Mr. Bjelke-Petersen to stop strikes in essential services. Liberal opposition was based on the belief that the measures went too far, one of which was widely understood to provide for the "absolute" revocation of strikers' driving licences.

The Liberals have also decided to put forward a complete list of candidates, separate from the National Party, in the coming elections for the Federal Senate.

Mr. Bjelke-Petersen responded with characteristic straightforwardness: "If there's confrontation, then the two non-socialist parties destroy themselves—and the blame would lie fairly and squarely on the heads of the Liberal Party, because you can't oppose your partner without having confrontation. I couldn't support them any more. I'll have to oppose them—and if I oppose them, then there will be a lot of them whose heads will roll."

The political image of Queensland, outside the state, according to one respected Australian historian is "one of obstruseness . . . a lack of tolerance and uncertainty about civil rights."

"Queensland *politics*," wrote another Queensland professor, "are the politics of development, concerned with things and *places, rather than people* and ideas . . . the political scientist finds himself more concerned with the merits of mining concessions and schemes to defeat drought, than with ideologies."

Certainly, the state, economically, has (to use the venacular) a lot *going* for it. Yet, even here, it is the lack of measure with which the optimism is put that is bothersome to many *people*.

"With such a record of growth, job creation, good government, and natural riches *to make this state self-sufficient* in energy, food and minerals, I am confident in the future of this state," wrote Mr. Bjelke-Petersen in a National Energy Review, published in July.

**Larry Klinger**

# NORTHERN TERRITORY

# New mood of optimism

BOB TOWNSEND, cattleman, drove the open-topped land cruiser at speed towards some of his prized pasture. A swift wind raced overhead.

"How do you keep that hat on?" asked the guest civil servant.

"Short hair helps a lot," said Bob. "Along with wrinkles on your forehead."

There are many furrows on the brow of Mr. Townsend—deepened, according to him, by the depression in cattle prices during the past four years.

"*It's been rough*," he said. "Many people around here would have sold up if they'd been offered any money at all. But *things are looking good*. Beef prices have improved a lot over the past seven months. Even though they went down $100 a head last week."

Mr. Townsend is typical of many Northern Territorians in that he migrated here to start a *new life*. He came 18 years ago with his father and two brothers and their families: "Back in Florida every time we'd save up a dollar to buy some land, land prices would go up $2."

The Townsends bought a 50-year lease on 2,000 square kilometres of Crown land in the north of the territory, the so-called Top End ("we were just huntin' some more room, though this place is small by local standards"), and they now have 21,000 healthy head of Brahman cattle, alongside the dingoes, crocodiles, eagles and uncountable head of wallabies, which devastate Mr. Townsend's pasture ("we used up about *20,000 rounds of 22s* last year, and I figure we had about an 80 per cent success rate").

Mr. Townsend is also typical of most Territorians in that he likes a challenge and participates wholeheartedly in the optimism engendered by the province's recent acquisition of self-government.

After more than 150 years of rule from thousands of kilometres to the south, the *Northern Territory was given* self-administration by the Federal Government on July 1 last year. Since then, the pro*vince has assumed 95 per cent* of the functions of self-government, and Statehood is in view —though that horizon remains *distant: whereas the Australian* States receive between 30 and 60 per cent of their revenue through a system of federal *grants and loans, the figure for* the Northern Territory is more than 85 per cent.

## Budget

The Territory budget for fiscal 1978-79 was A$350m, of which only about A$40m was raised locally. The budget for the coming year is expected to be nearly double as the province *takes* over *responsibility* for more health services and for education for the first time.

The Northern Territory is a 1.3m sq km chunk of Australia's Central North and has a population of 114,000: a sixth of this island continent's landmass with less than 1 per cent of its people.

The province has five main centres, in which more than four-fifths of the population live: Tennant Creek (copper, gold), Nhulunbuy (bauxite), Katherine (agriculture, tourism), the famous Alice Springs (passenger and freight transit, cattle, tourism) and the capital, Darwin (administration, commerce, port, fisheries, cattle, tourism).

The climate, to say the least, varies. Rainfall averages only 15 cm in the near-desert south, but about 120 cm in the tropical north, most of it falling in the four months December-March.

Newcomers to Darwin soon give up their notions of "summer" and "winter" to take notice of what counts: the seasons of "wet" and "dry," and while territorians dislike visitors using the word "harsh," the climate can definitely be what Mr. Townsend describes as "downright difficult."

The worst weather to hit the Northern Territory was on Christmas Day in 1974, when cyclone Tracey smashed through the capital, devastating the city and its outlying areas.

"I inherited a pile of rubble," *said Dr. Ella Stack, as she* spread before-and-after photographs across her desk to illustrate the period of reconstruction. Dr. Stack became mayor soon after the disaster.

The story of Darwin's reconstruction tells the tale not only *of itself: it also relates the pro*gress of the territory's past obsession—rule from Canberra, the Federal capital—and fore*shadows its present one*—self-rule.

No one makes a secret of the fact that after the cyclone, in which at conservative estimates 50 people were killed in the city and 16 more were lost at sea, one of the most serious considerations was whether to rebuild or (as the more blunt put it), "*simply* shut the place down."

In the end, the saving of Darwin and, ultimately, Territorian self-rule was the province's place in the national history, the fact that the city is Australia's natural gateway to Asia (Jakarta is closer to Darwin than Canberra), and, most importantly, Canberra's politically-inspired reluctance in a State-concious nation of being seen to allow another "state" to sink.

The gap in misunderstanding *between what Canberra used to* decide should be provided and what the Territorians actually wanted became clear during *Darwin's reconstruction*.

The Federal Government, for the most understandable reasons, decided that the new city would be "cyclone-proof."

"But there was an overreaction," said Dr. Stack. "They wanted houses built to be able to withstand winds of up to 60 metres per second, which was way above cyclone Tracey's strength, which in itself was a freak. It was not only the awful look of the block-houses they wanted to build, it was the tremendous cost."

Compromise prevailed. It was agreed to accept 55 metres per second as the safety margin and this allowed homes to be built in line with the traditional tropical style of Darwin. "The agreement meant adding only A$ 5,000 to A$ 7,000 to the cost of a house," said Dr. Stack. "This was acceptable. Otherwise no one would have built a home in Darwin."

*Today, Darwin is a bustling* city of 54,000 people, 85 per cent of whom are under the age of 35. *Life* is modern, in both the *material* and fashionable sense, with spacious homes and offices, *palm-lined pedestrian malls*, shops brimming with goods, full hotels and restaurants specialising in local meat and fish.

## Enthusiasm

Dr. Stack's enthusiasm for getting things done became known throughout the world during the reconstruction period. But she is not alone here in that quality. The most noticeable feature of present-day *Northern Territory life* is the belief by the people, both in Government and on the street, in the promise of the *future and in their ability* to gain that promise.

"Cyclone Tracey really put Darwin on the map," said Clyde Adams so enthusiastically that he failed to notice the contradiction. Mr. Adams is chairman of the Northern Territory Development Corporation, a body established by the new Government and for which, people will hasten to add, *no* equivalent existed under Federal Administration.

Mr. Adams, who 18 months ago gave up a successful 27-year career in the development of Western Australia to take up the challenge here, lists A$680.6m-worth of projects in the territory set for completion before 1985 and at least another A$1.36bn-worth on the drawing board.

However, while several of the projects will benefit the territory on a broader, longer-term basis—such as the railway from Tarcoola to Alice Springs, the gas turbine power station in Darwin and the hotel-casino complexes at Alice Springs and Darwin—about A$1.8bn of the A$2bn committed-planned total is in mining and a major proportion in uranium, with all the uncertainties that raises.

The Territory's immediate aspirations in economic diversification lie in the areas of agriculture, fisheries and tourism.

Experiment with Government assistance is being carried out with rice, peanut, bean, sorgum and maize crops, and major research into new methods is being initiated.

Australia's recent extension of territorial waters from a 12 to 200-mile limit has vastly increased the territory's fishing grounds. A major problem lies in the present inability to police them, but the territory is taking the positive approach by developing land-based facilities and sending trade missions to its Asian neighbours.

## Tourism

Tourism grows apace, with facilities being expanded and new ones being built throughout the province. In the past financial year, 246,000 people visited *the territory*, spending an estimated A$45m. The growth rate is 12 per cent and rising, with the government confidently predicting the number *of visitors* annually to rise to 500,000 within five-years' time.

However, in other areas, pro*jects which* at this stage are only hopes are often spoken as probabilities. There is talk of an aluminium smelter and a uranium enrichment plant. But here the problem is energy.

The Top End's power comes from electricity expensively generated by burning oil transported here by tankers, and an aluminium smelter, for example, would need more than twice the *amount of electricity* as now is consumed by the whole of Darwin.

There is even hushed talk of a nuclear power station, hushed because in the political climate of Australia such a nuclear project is not only improbable, it is impossible.

The economic situation in the Northern Territory has been *succinctly summed* up by the Development Corporation: "A substantial deficit in the Administration and services account, *propped* up by good health in the mining sector and hopes and talk of a bright future in mining development and general expan*sion* into new and diverse ventures."

**Larry Klinger**



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## TRADE

# Need to boost exports

OVERSEAS TRADE policy has become a highly controversial subject in Australia as the realisation has spread that the country's exports have been growing much more slowly than those of most other "advanced" countries (to say nothing of new industrial countries, such as Taiwan and South Korea).

The need to step up exports of manufactured goods, as well as of farm products and minerals, and to trade more actively with developing countries, has been highlighted in a number of speeches and reports. The background to all such discussions is the uneasy awareness that an economic revolution of sorts has been taking place among the "Pacific Rim" countries to the immediate north and that, so far, Australia has had remarkably little part in it.

Australia emerged from World War II as one of the very few prosperous nations in the Western Pacific region, thanks to its large and thriving agricultural sector and its strong links with Europe. The ability to supply Europe with cheap and plentiful temperate agricultural products gave it a 3 per cent share of world trade in the early post-war years—a remarkably high figure for a nation of 11m people.

From the early 1960s onwards, however, the situation started to deteriorate. Between 1960 and 1970 Australia's European markets shrank swiftly under the impact of the EEC's Common Agricultural Policy (which subsidised local production of beef, dairy products, and other commodities). From 1972 onwards, they shrank still more drastically following Britain's entry into the EEC.

By the mid-1970s, Europe was taking only 14 per cent of Australia's exports (compared with 45 per cent in 1960) and the share of farm products in the total had declined from an overwhelming 80 per cent (also in 1960) to just under half.

What prevented these figures from spelling disaster for the economy was the emergence of Japan as a major market for the newly developed mining industry and for wool (but not for dairy products and beef which Australia sought in vain to sell to Japan in any sizeable quantities). Japan rose to top position among Australia's customers in 1967 and has stayed there ever since, absorbing well over 30 per cent of the nation's exports in most years and sometimes as much as 34 per cent.

Australian commentators like to dwell in the "perfect complementarity" that exists between the Australian economy, with its heavy stress on large-scale production of raw materials, and that of Japan (which is poor in raw materials, but immensely rich in industrial capacity).

What seems to have been missed in this analysis is that Australia received the poorer half of the bargain. World trade in manufactured goods (which are Japan's speciality) has grown three times as fast as trade in agricultural products and twice as fast as trade in minerals (other than oil) over the past decade, with the inevitable consequence that minerals and farm goods exporters, such as Australia, have been left behind by exporters of industrial products.

The other weakness of Australia's trade position that has emerged even more strongly in the past five years has been the extent to which its exports go to advanced industrial countries rather than developing nations.

Selling to the industrial West made sense during the first two decades after World War II, when economic growth, as well as purchasing power, was concentrated in America and Europe. It has made far less sense during the 1970s as growth rates have slowed drastically in most Western countries (and even in Japan), while simultaneously speeding up in many parts of the developing world (including some regions that are virtually on Australia's doorstep).

Australia's exports to neighbouring countries such as the five-member ASEAN group (Association of South-East Asian Nations) and North East Asian "new industrial countries" (Korea, Taiwan and Hong Kong) have, in fact, grown rapidly during the past few years, underlining the point that this may be where the future lies for the future expansion of trade.

The total share of "regional markets" (other than Japan) in Australia's foreign trade remains very small however, despite the fact that global imports of the eight countries concerned (ASEAN, plus Hong Kong, Korea and Taiwan) are equivalent to roughly three quarters of Japan's imports.

### Share

Two other points about Australia's trading relations with its developing neighbours that hardly make for optimism about the future are: (1) Australia's share of the ASEAN market has been steadily diminishing (even though the absolute level of Australian exports has risen substantially) and (2) that few if any of the countries concerned have managed to sell as much to Australia as it has been selling to them.

The reason for the persistent imbalance on Australia's trade with its northern neighbours seems to lie basically in the system of protective barriers that surround some of Australia's more vulnerable industries (notably shoes, textiles and consumer durables). Because of tariff quota protection on textiles, and quotas on shoes, nations such as Korea and Taiwan (not to speak of China and the member countries of ASEAN) have been prevented from building up what should have become fairly fruitful markets for their products in Australia.

Advocates of a "radical" solution to Australia's trade problems (one of the most eloquent of whom is former Prime Minister Gough Whitlam) have been arguing in the past few months that the country should undertake a drastic overhaul of its tariff and quota systems with the object of stepping up imports from the Asian "new industrial countries," while at the same time trying much harder than has been done up to now to push exports of Australian manufactured goods into these (and other) markets.

The basis for such a restructuring of trade could, it is suggested, be a series of bilateral agreements with individual countries, or groups of countries, which would give priviledged access to the Australian market to the countries concerned, in return for sales rights for Australian goods in their markets.

**EXPORT GROWTH RATES**

Percentage of average real export growth rates (annual), 1967 to 1977

| | |
|---|---|
| Japan | 10.6 |
| Italy | 9.4 |
| France | 8.1 |
| U.S. | 7.9 |
| UK | 7.4 |
| W. Germany | 6.3 |
| Canada | 6.0 |
| Sweden | 5.3 |
| Australia | 4.8 |

Goods that Australia might be able to export within such a framework of bilateral agreements include steel, aluminium and non-ferrous metals as well as specialised agricultural machinery and food processing equipment. If Australia were able to develop a regional market for such goods, the effects on the domestic economy, and particularly on employment, could be quite striking—so the argument goes. This is apparent from the fact that no fewer than 300,000 jobs directly depend on export of manufactured goods today, even though these account for less than 20 per cent of total Australian exports.

The snag about the radical approach to solving Australia's trade problems (or one of them) would seem to be that Australian industry is in no position to survive the sudden exposure to international competition that would result from the cutting of tariffs. The two most heavily protected Australian industries, textiles and shoes, employ around 125,000 workers most of whom would be unlikely to find jobs elsewhere if their companies went out of business and many of whom work in areas whose voters could swing seats in the federal parliament away from the Government at the next elections (due by December, 1980, at the latest).

**DESTINATION OF AUSTRALIAN EXPORTS**

| Percentages: | 1957-'58 | 1967-'68 | 1977-'78 |
|---|---|---|---|
| Japan | 12.6 | 21.1 | 31.7 |
| EEC (9) | 49.8 | 25.7 | 13.9 |
| N.S. | 5.7 | 13.2 | 10.5 |
| ASEAN | 4.2 | 6.4 | 7.0 |
| Communist bloc | 4.1 | 7.1 | 8.1 |
| New Zealand | 6.7 | 5.1 | 4.8 |
| *Others | 16.9 | 21.4 | 24.0 |

(*including Korea, Taiwan, Hong Kong)

The fact that tariffs were cut (by 25 per cent across the board) by this Government's predecessor has served more as a warning than as a precedent for future action given that 200,000 workers lost their jobs within two years after the cut and that the Labour Government concerned was crushingly defeated in the next federal elections.

A second reason for not cutting tariffs on a selective country-by-country basis is that Australia belongs to GATT and the giving of discriminatory preferences to individual nations is expressly prohibited by the rules of that organisation. Some of the Government's senior advisers, noting the spare benefits to Australia's trade in farm products which have accrued from recent GATT trade negotiations, have begun arguing in private that it is time for Australia to turn its back on the GATT and on the Most Favoured Nation principle (MFN) and to seek whatever *benefits it can gain from striking* bargains with its neighbours.

Those who argue in this way make the additional point that much of the recent growth in world trade seems to have ocurred within regional groups (for example, the EEC) rather than between nations at opposite ends of the world. Australia would be acting in harmony with this trend if it kicked over the GATT traces and made deals with its neighbours, it is suggested. It might also be seriously reducing the scope that is still available for putting pressure on non-regional trading partners such as the EEC (whose meagre concessions to Australian demand for better access for beef and dairy products were explicity made within the framework of the current round of Multilateral Trade Negotiations).

The current Australian Government view on all these matters seems to be (in very rough terms) the "the devil Australia knows is better than the devil it doesn't know"—in other words it may be better to stick with the existing unsatisfactory structure of trade relations, instead of risking the change to an entirely new set of relationships. "Loyalty" to GATT has not prevented Australia from keeping its own tariffs high or from roundly abusing its developed country trading partners for their "unfair" treatment of Australian primary product exports. Neither has it prevented Prime Minister Malcolm Fraser from arguing the merits of a global "trade-off" between more generous treatment of farm product imports by developed countries and improved access to the Australian market for manufactured goods exports of newly-developing countries.

The trade-off idea probably has little real chance in the hard world of international trade negotiations. But, for the moment, it seems to be the only positive plan for solving Australia's problems that exists on the Government drawing board.

**C.S.**

## SHARE MARKETS

# Optimism renewed

RESOURCES STOCKS, particularly oil counters, and some memorable takeover situations have provided the highlights as Australian share markets marched steadily toward an all-time high.

Having passed the psychological 600 points last month for the first time since 1973, the Sydney all-ordinaries index has pushed on to 630 points and now threatens the all-time peak of 663.48 points set on January 6, 1970. London investors have played a major role in the markets' resurgence, putting most of their support into mining and oil shares.

Breaching the 600 point barrier was seen as a portent of good times to come by many traders. This has been borne out with renewed interest in local stocks sparked by a spate of gas and hydrocarbon finds and the soaring gold price and fuelled by consistent overseas buying.

The markets' continued dependence on overseas interest was clearly demonstrated when the Sydney all-ordinaries slumped to 582.41 points—its lowest point for 1979—after UK buying support was withdrawn following the British Budget in June.

After beginning at a depressed 500 points for the 1978-79 financial year, the Sydney all-ordinaries index progressed to around 550 points *mid-year*. After steady forward progress this year, it slumped in June before recovering and pressing on to its current healthy levels.

Some outstanding take-over battles and spectacular company collapses have marked the year's trading. Several collapses rocked the financial community, notably the failure of the Ansett-backed Associated Securities and the Finance Corp. of Australia which affected its parent, the Bank of Adelaide.

The ASL collapse began a series of events surrounding the chief of Ansett, Sir Reginald Ansett. These culminated in the spectacular Ansett-Ampol market duel which has left both companies with a 20 per cent stake in the other.

The "Ansett affair," as it has become to be known, was perhaps the most intriguing of a swag of take-over battles. Chief among them were Peko Wallsend's capture of Sims Consolidated, Tooth's of Courage Breweries, Metro over Cookey, the UK's Brooke Bond's acquisition of Bushells, the Bond Corp.'s attempted move into Santos, James Hardie's victory over Reed Consolidated and the big private family controlled Smorgon Group's sudden victory over ATL Ltd.

A report by the industries assistance commission precipitated an internal rationalisation in the whitegoods industry and saw Email take control of Kelvinator, Australia, and Simpson Pope take over Malleys.

The ASL affair shook local financiers and the subsequent Bank of Adelaide-ASL debacle shattered confidence and a number of reputations and shook public confidence in the finance sector.

ASL's slide into receivership in February this year depressed the market and battered ASL's major shareholders, Ansett and W. R. Carpenter. But BHP then provided some good news for parched investors, trading strongly on its oil interests and leading the resources sector which gradually lifted the market. BHP topped A$11 and went on to peak at $A12.10 in the first quarter of this year. After a bonus issue and an announced right issue, it has recently slipped but is still trading strongly around A$9.50.

While BHP held the limelight in March, oil stocks took off and provided the market's driving force, Woodside, AOG, Crusader, Bridge, Santos were the main runners. Around this time an upsurge in the metal prices on the LME saw the Sydney Metals and Minerals Index break through the 3,000 point barrier for the first time for more than six years. It has since progressed to pass the 3,300 mark.

Two of the year's fitful runners, Shale Oil hopefuls, the Rundle twins, Central Pacific and Southern Pacific, were prominent as they escalated on alternate bearish and bullish views on their prospects.

The fridge war took the headlines as first Email preyed on South Australian-based, Kelvinator and then Simpson Pope grabbed Malleys. The battle was mainly played out on share markets with Email beating off Simpson Pope to take Kelvinator and force Simpson Pope to turn on Malleys.

The Federal Government's inability to hold interest rates down acted as a depressant to trading as the end of financial 1978-79 approached. This malaise was fuelled by liquidity problems of the unlisted Finance Corp. of Australia which manifested themselves on stock markets through FCA's parent, the Bank of Adelaide, which was sold down heavily on the rumours.

### Pressure

The selling pressure quickly spread to the other banks as nervous investors lopped millions from them in brisk trading. Trading slowly returned to normality after the Federal Government intervened and the Reserve Bank stepped in and "suggested" the Bank of Adelaide merge with another trading bank. The ANZ banking group's offer won the day.

But the most spectacular market action during the year centred on the Ampol and Ansett and the various mystery buyers involved in what has been described as "the biggest corporate poker game in the country's history."

Ansett's old antagonist, Thomas Nationwide Transport, started the ball rolling by resuming buying in Ansett shares in late June after an absence of almost five years. Turnover in Ansett jumped sharply in subsequent days before West Australian Transport Company, the Bell group, revealed it intended to increase its 5 per cent stake.

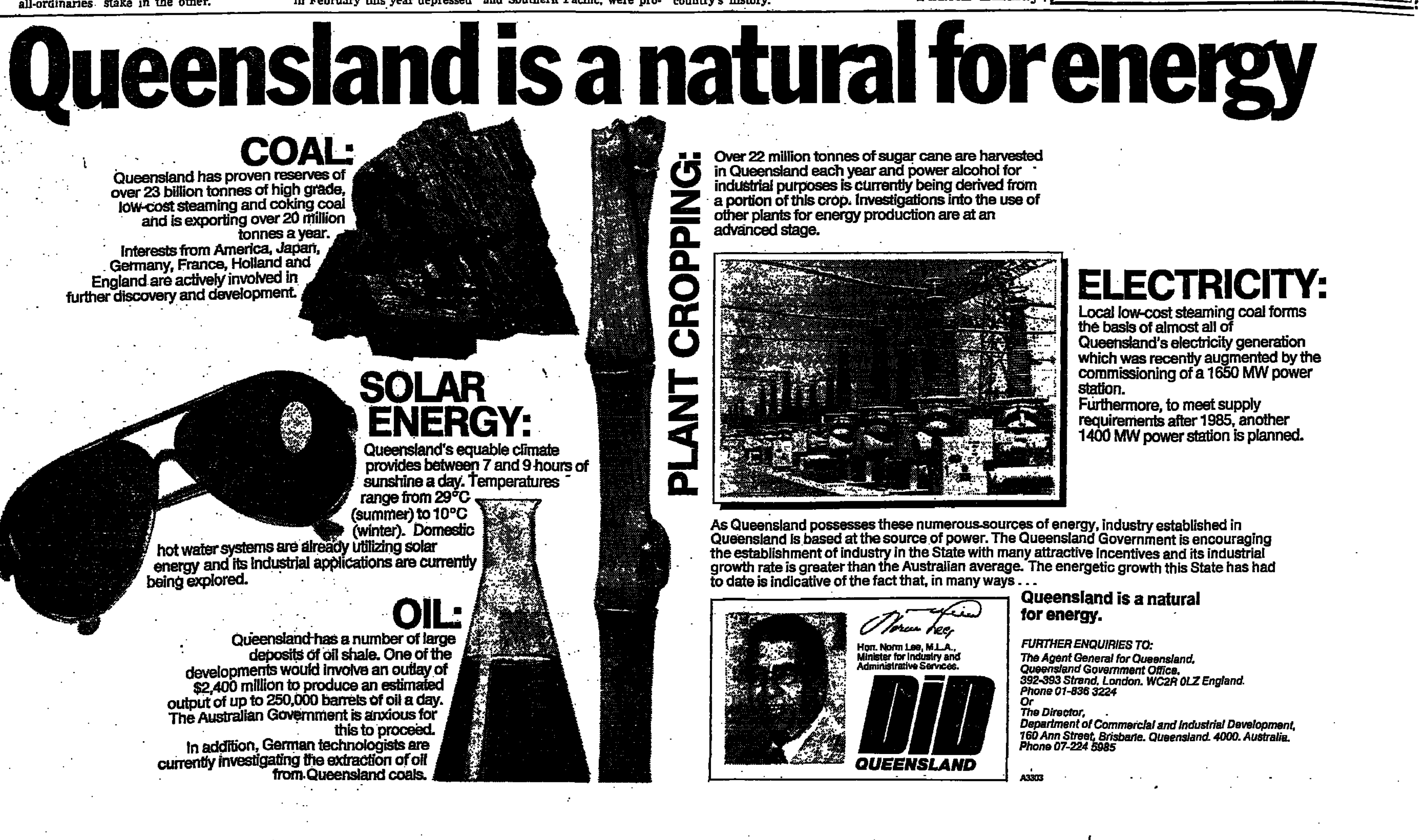
With a sudden burst of covert buying, Bell almost doubled its stake and disclosed it intended to take a 20 per cent holding in Ansett. But the spotlight then switched to Ampol Petroleum which revealed it had taken about 3 per cent of Ansett.

The friends of Ansett charged to the rescue and picked up 5.7 per cent of the company's scrip in a single trade. In furious trading, first Ampol boosted its interest to almost 20 per cent and then Ansett counter attacked and, after overcoming the initial resistance, secured 20 per cent of Ampol—a truce was agreed between Ampol and Ansett with the saga apparently ended.

But only in recent days a mystery buyer appears on the scene armed with the biggest order ever planned on Australian sharemarkets — 20 million Ampol shares at A$1 a snare. Although many companies have been suggested, the buyer's identity remains one of the best-kept corporate secrets for years.

**Patrick Lindsay**





## LINKS WITH THE EEC

# Emotions running high

NO SUBJECT arouses more emotion in the corridors of Parliament House (Canberra) these days than that of Australia's relations with the EEC. These have been the subject of a sustained onslaught by Prime Minister Malcolm Fraser on an apparently deaf or indifferent Brussels Commission. In the middle of 1978, the Commission aroused itself—as Australians see the position—to the point of agreeing to negotiate a "modest" trade liberalisation package with Australia within the context of the GATT multilateral trade negotiations.

The agreement was concluded in June this year and the EEC has reportedly promised to hold annual high level consultations with Australia from now on. Even so, it would be hard to find anyone on either side of Australian politics (where the EEC relationship is a popular debating issue) who regards the present situation as remotely satisfactory.

## Exasperated

The basis for Australian dissatisfaction (exasperation would not have been too strong a word before the signing of the June agreement) is the rather fundamental one that the EEC's Common Agricultural Policy (CAP) has shut Australian farm goods out of the European markets they used to enter freely in the early 'sixties and—because of export subsidies — threatened Australian exports, in some markets, much nearer home.

The EEC (including Britain) was the destination of more than 40 per cent of Australia's exports in the early 60s, but now takes only 9 per cent. Examples of Australian farm products which used to sell well in Europe—but are now almost impossible to sell in anything but extremely limited quantities—include beef, sugar and wheat flour.

The nine countries now making up the EEC absorbed between 30 and 50 per cent of Australia's exports of these items in the mid-60s, but now take less than 4 per cent of Australian shipments of each.

The shrinkage in Australia's sales of such products (coupled with the fact that the EEC still supplies about 25 per cent of Australia's total imports) explains why Australia's trade balance with the Community has drifted from a rough balance in the early 1960s to a A$1bn deficit today (with a further A$1bn deficit on invisibles). This, say the Australians is a much larger gap in relation to the amount of trade involved than the celebrated EEC deficit with Japan—about which Australia seems to consider Europe makes an unnecessary amount of fuss.

Australian Government spokesmen are careful to emphasise that they do not expect the EEC to abandon the CAP overnight in order to make room for Australian imports (though there is some hopeful talk in Canberra about CAP eventually "collapsing under its own weight").

What is considered intolerable, however, is the Community's habit of subsidising exports of commodities such as sugar and beef at rates which allow it to undercut Australia's exports in markets which are virtually on its doorstep (such as the Papua New Guinea market for Queensland sugar).

According to figures put out by the office of the Special Trade Representative, the EEC support price for sugar in April 1979 was A$487 per ton while the export subsidy paid on shipments to major markets was A$374. Australia's f.o.b. price for sugar at the same time was A$185 per ton—significantly higher than the price of European sugar after payment of the subsidy.

Australia attempted to take up both the subsidy problem and specific access problems for commodities, such as beef and cheese, with the EEC Commission as long ago as 1977, but (according to Prime Minister Malcolm Fraser) got absolutely nowhere. Mr. Fraser, who waxes more eloquent on this subject than on most others, says that a note addressed by the Australian Special Trade Representative to the Commission was ignored for six months and that he himself spent a whole day in Brussels in 1978 "just trying to get talks started."

**EXPORTS TO EUROPE**

**The EEC nine's share of Australian exports of farm products.**

| Percentages: | 1965-66 | 1976-77 |
|---|---|---|
| Beef | 30.3 | 2.9 |
| Sugar | 50.3 | 3.1 |
| Dairy products | 12.5 | 0.8 |
| Wheat & flour | 46.6 | 3.7 |
| Fresh fruit | 71.6 | 33.4 |
| Canned fruit | 77.8 | 54.2 |

Behaviour of this sort from Brussels prompted Mr. Fraser to hit out at the EEC in a number of speeches delivered early in 1978. Mr. Fraser's behaviour was described in Brussels as "buffalo diplomacy" but resulted, he says, in talks finally getting off the ground in the summer of 1978.

Mr. Fraser's critics in Canberra would doubt whether lashing out at the EEC produced the results he claims. Of more material importance may have been Australia's decision (under European pressure) to place its negotiations with Brussels within the context of the GATT multilateral negotiations on trade liberalisation instead of regarding them as a "one-off" exercise.

Putting the talks in the context of the MTN meant that Australia had to accept the principle of making tariff concessions on imports of manufactured goods (or at least binding existing tariffs) in return for the agricultural concessions it was hoping for. It also meant that Australia implicitly awarded higher priority to European (and other developed countries) demands for tariff concessions than to the demands of near neighbours such as the five member Association of South East Asian Nations (ASEAN).

The outcome of the EEC Australia negotiations was an agreement, reached in June, as part of the MTN package under which the EEC promised to increase levy-free of certain types of beef and cheese and to reduce duties on a variety of canned fruits while Australia committed itself to bind tariffs on some manufactured goods (including computers, ceramic tiles and sweets). The concessions made by each side cover some A$200m worth of trade—a modest amount when set beside the $4.5bn level of current two-way trade.

The Government says the agreement's main value lies in the fact that it should pave the way for further improvements in the trading relationship. Its Labor Party critics accuse it of wasting valuable ammunition in extracting trade concessions from Europe, when Australian priorities should be focused firmly on the fast developing markets in its own region.

**C.S.**

*Social welfare services to Asian refugees in Australia include a Government job location agency in Sydney. Above: refugees (left and centre) assist in product packing at the Victa motor mower plant*



## EMPLOYMENT

# Few signs of real improvement

FULL EMPLOYMENT (meaning in practice levels of unemployment well below 2 per cent) was taken for granted in Australia throughout the 1950s and 1960s. Today, unemployment of well over 6 per cent (and far higher levels in certain areas and age groups) is beginning to seem almost a part of the Australian way of life.

The employment situation changed dramatically during and after 1974 when the number of jobs in the private sector of the economy actually shrank by more than 200,000 under the impact of declining economic activity and exploding wage levels. During the twelve months ended May 1979 employment levels recovered very gradually for the first time in three years. The unemployment figures published by the Australian Bureau of Statistics (ABS) show a small decline in the number of unemployed though not enough to change unemployment as a percentage of the labour force. The same set of figures also reveals that there was a modest increase in the number of people working in private industry for the first time in several years.

Opinions differ on whether these figures point to any real improvement in the situation. The Treasury Department says they do. It draws encouragement from the fact that employment began picking up last year in the private sector as well as the public sector and connects this with what seems to have been a real improvement in the levels of operation of Australian industry for the first time since the oil crisis. Other people (including officials of the two Ministries actually concerned with employment and labour relations) seem less ready to believe that the corner has been turned.

Apart from the fact that economic activity may not continue to pick up in 1979-80 at the same rate as in 1978-79, there are several reasons for being sceptical about any rapid fall in the numbers of unemployed. One of these is that labour force participation rates (for example, the percentage of people of working age who are either working or looking for jobs) has been tending to fall during the past few years.

Those who are not participating in the labour force at present are thought to include a substantial number who have simply given up looking for jobs because they believe the prospects are hopeless. Such people could start looking for work again once the economy recovers further with the result that even a substantial increase in the number of jobs on offer might not produce any fall in the numbers of people registered as unemployed.

## Decline

The other reason why optimism about the employment situation seems unwarranted is that economic growth as such no longer seems to generate as much employment as it did in Australia's economic "golden age" (i.e. from the end of the war until around 1970). Economists reckon that employment grew by about one per cent for every two per cent of GNP growth during the 1960s whereas from around 1970 onwards up to five per cent of GNP growth has been required to achieve a one per cent increase in employment.

The explanation is to be found in the shift towards capital-intensive labour-saving production techniques in industry and agriculture. This shift is believed to have intensified since the 1974 wage explosion to the extent that the ratio between GNP growth and employment creation may today be of the order of around 6.5:1.

The widening gap between the economy's growth rate and the rate at which new jobs are being created means, according to analysts in the Employment Ministry, that it may be almost impossible to create enough new jobs in the next five years to bring unemployment down to "reasonable" levels of 3 to 4 per cent. The number of new jobs needed each year to make a significant dent on the employment problem is put at somewhere between 140.000 and 160.000. This is more than double the number actually created in 1978-79 when industry enjoyed its best year of growth since the 1974 recession. Even in the "golden" years before the 1973 oil crisis the number of new jobs created in any one year seldom exceeded 120.000.

The unemployment problem is highly localised both in terms of geography and of the types of people involved. Broadly speaking, there is still a severe shortage in urban areas of skilled workers (and people willing to do dirty or strenuous jobs), while there is a big surplus of labour in country areas and among unskilled workers. By far the largest group of unemployed (55 per cent of the total) are in the 15-to-19 age group, but the unemployment bulge is spreading into the early 20s age group as job-hunting becomes more and more difficult for young unskilled workers.

The fact that so many of the unemployed are young people without any special skills suggests that the education system (which is weak on technical training and strong on "liberal" and general higher education) may be at least much to blame for the present unemployment situation as any shortcomings in the economic policies followed by recent Australian Governments.

Another way of viewing the problem stresses the fact that Australia relied heavily on skilled immigrants to provide

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## IMMIGRATION

# An explosive issue

THERE IS still a school of thought which regards Australia as "the land of opportunity" for anyone seeking success, provided he is given enough elbow-room.

Elbow-room there is. Australia comprises 5.7 per cent of the world's land area, but has only a fraction of its people. Yet the curious fact is that the country's immigration quotas are not being met, even at a time of negative domestic population growth.

The birth rate has dropped each year during this decade and is now so low that, after mortality is taken into account, every 100 adults are replacing themselves with only 94 children. Projections are that Australia's population will rise from its present 14.3m to only 14.6m by the mid-1980s, a shortfall of more than a million on forecasts made at the beginning of this decade.

For the past two years Australia's net immigration growth quota was set at 70,000. For the year 1977-78 the real figure was about 56,000 and, for 1978-1979, *the quota will probably* only be met because of the Indochinese refugees that Australia agreed to accept and the discernible — but as yet uncounted—influx of New Zealanders fleeing their country's sagging economy.

The situation, however, while remaining peculiar to Australia, does not seem all that curious when its history is known.

Following the boom years of the 1950s and 1960s, during which Australia's population soared from about 8m to 12m, the Labor Party government, under pressure over jobs from the unions as the world economic downturn began, cut immigration drastically, from 170,000 in 1970-71 to 52,500 in 1975-76, a post-war low.

The new rules were simple and few: entry was restricted to the reunion of immediate family, humanitarian consideration for refugees, and specific skills for which Australia had job vacancies.

The available-jobs category worked on the basis of submissions by the states compiled by the Federal Immigration Department into a list of 100-150 entries. Because of the unemployment position there were *few semi-skilled* and *almost* no unskilled vacancies on the list. Because of the faltering economy the country became less of a bright prospect to potential immigrants in the higher-income brackets. Because of the difficult economic position at home, making seemingly more sense of the accepted fashion of small families, the result was the present situation of virtually nil population growth.

But things are changing, albeit slowly. The present Liberal Party Government continued Labor Party policy while quietly expanding it. Many in the new Government felt that restricted immigration was in part responsible for the low level of economic activity, but they were aware that the very fact of recession made the public, especially the unions, wary of the country's accepting a greater influx of job-hunters.

A programme of research and of educating the public to the Government's view was instituted, and, at the beginning of this year, the Government was able to adopt a broader selection process: NUMAS, the Numerical Multi-Factor Assessment System.

### Example

NUMAS requires an applicant to score a minimum of points to qualify for selection. An example of how the system is consistent with current Government policy of gradual expansion is the job vacancy area. The available-jobs list remains, and by fulfilling that requirement an applicant scores 14 points in the economic factors section out of the necessary minimum of 30.

"Before, if I liked someone and he or she didn't fit the occupational demand requirement I had to reject them out of hand," said a senior immigration officer, based in Europe. "But now it is possible for that person to score enough points in other areas to be accepted. Under the old system I sometimes felt I wasn't able to do my job."

That Government policy is moving towards increased immigration is obvious, but there is certainly no prospect of a dramatic move. Any action that could be interpreted as a threat to jobs at a time of record unemployment might be politically disastrous.

Australia is in the midst of the run-up to next year's general election, and Australian opinion is known to be latently explosive on the subject of immigration. Hence, the government's caution, and hence the Labor Party's public firming of its opposition to greater intakes of people at this time.

Yet, even in this atmosphere Mr. Michael MacKellar, the Minister for Immigration, felt able to support greater immigration in a speech only three weeks ago: "It is hard for us at present to contemplate shortages of labour," he said. "But the facts are there to see not so far ahead, and we need to prepare now."

Mr. MacKellar said that Australians needed to appreciate the danger of virtually no population growth—"The trend has enormous implications for areas such as education, service industries and domestic consumption."

Australia simply lacked people, he said. Properly-planned immigration did not result in unemployment but created demand, and demand created jobs.

Mr. MacKellar went so far as to broach an even touchier subject. He made a commitment to take if necessary more Indochinese refugees.

"Whether we like it or not," he said, "we will all have to do more. We should certainly not regard refugees as long-term burdens on the Australian community. We should be conscious of the very real skills, energy, initiative and courage these people are going to contribute in sharing the future tasks of developing Australia."

A *middle-class* Sydneysider, who had just arrived home from a European holiday and whom one would have thought to be a prime candidate for Mr. MacKellar's national constituency, said bitterly: "the government has already taken 56,000 of them and now they plan to double that."

Whether the remark was a genuine mistake or something the man wanted to believe, it was indicative of the type of misunderstanding that any proponent of increased immigration must overcome. The facts are that Australia has already resettled 23,000 Indochinese refugees and agreed at the recent Geneva Conference to accept a further 14,000 in the current year, ending next June.

### Dilemma

On another recent occasion, Mr. MacKellar said: "If we wish to maintain an Australian population with a composition much the same at present or changing slightly and gradually over a period, we face a dilemma.

"Either we must put the barricades around Australia and be seen as an isolationist country seeking to divorce itself from the realities of the world scene, or we must maintain continuing immigration at a higher level with a balanced intake.

"We delude ourselves if we do not accept that there will be increasing pressures on Australia to take increasing numbers of people, refugees and others, from countries which have not been traditional sources of migration to Australia."

The Whitlam Government's restrictive immigration requirements also had the intentional effect of removing the nasty White Australia label from the country's immigration policy, which then became, and is still, based in principle on non-discrimination of race, colour or nationality.

However, even with the new point system, it is evident that the desired requirements, with their emphasis on skills and the English language, would make it easier for, say, a Briton or North American to succeed than the average man from Australia's less traditional areas of immigration.

Nevertheless, the policy changes have meant an increase in the proportion of Asian intake from only 5 per cent in the early *1970s to a constant 14 per cent* since then, with the possibility of a greater figure following on Australia's refugee policy.

There are bigots in Australian society—though how many more or less than in other countries is not apparent—and there are many more people with honest fears about preserving jobs and what they see as "the Australian way of life." However, a look round the country, even a cursory one, suggests that Australia, less than a lot of other nations is markedly free of social tension and that the vast majority of people could laugh agreement with the words of Australian cartoonist Bruce Petty that "the White Australia policy proved so immoral that it had to be renamed the Restrictive Immigration Policy. In spite of their tendency to work hard, most new Australians are finding places in Australian society."

L.K.

*Australian expertise, built up over more than 30 years, is helping Australia settle Indo-Chinese refugees. Around 23,000 Indo-Chinese were accepted into Australia up to mid-1979. They are initially settled in migrant settlement centres where they undergo settlement programmes which introduce them to the Australian way of life. Above: English language class at the Springvale migrant settlement centre*

## Employment

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the skills needed for its industrial development in the 1950s and 1960s, and is now trying to find jobs for the teenage children—of these immigrants who lack the skills of their parents. Australia's teenage labour force, as an illustration of this point, reached its peak level in 1976, long after the number of teenagers in the U.S. and Canada (two countries with roughly similar employment patterns) had done so.

Those who believe that current unemployment problems represent part of the price that Australia is paying for relying on skilled immigrants in the 1950s and 1960s argue that one *of the most urgent needs today* is for the Government to step up spending on technical colleges to a much higher proportion of the education budget than the 10 per cent it now occupies. Some steps in this direction are already being taken. Spending on technical colleges was increased substantially in the 1977-78 budget while allocations for universities and colleges of advanced education (teachers' training colleges) were frozen.

Judging by the recent spate of strikes in industry and the public sector the unemployment situation has done little to weaken the bargaining power of organised labour. Despite the overall surplus of labour, *unions representing skilled* workers or workers performing essential tasks have been able to force up their wage levels during the past few years by amounts at least equal to the overall increase in the cost of living. The increases won by such groups have then been standardised elsewhere in the economy in accordance with the principles of "social wage justice" subscribed to by the Commonwealth Conciliation and Arbitration Commission. Cynics believe that Australia's overall wage levels might have risen less rapidly during the past few years under a system of old-fashioned collective bargaining than they rose as a result of the elaborate system of wage indexation presided over by the Arbitration Commission.

The wage indexation system coupled with fairly generous unemployment benefits for those out of work (costing the Government a total of over A$800m per year) has served to cosset Australian workers from the harsh realities surrounding their country in the outside world according to these same observers. The country may continue to be able to pay the costs of this cossetting while Australian natural resources draw good prices on overseas markets (which presumably will continue to be the case so long as economic growth continues elsewhere in Asia). What is less certain is how long the country's political fabric will withstand the demoralising effects of having a higher proportion of young people more or less permanently out of work.

## STEEL AND ALUMINIUM

# The future looks promising

AUSTRALIA'S STEEL and aluminium industries are in good shape. Steel is emerging strongly from a protracted period of stagnation: aluminium, on the other hand, simply goes from strength to strength.

Australia is the world's largest exporter of bauxite and a leading supplier of the secondary stage alumina, but only accounts for about 2 per cent of the world's production of aluminium metal. But, that is about to change, as aluminium companies are scrambling to establish new smelting ventures in Australia, and several projects have already been announced which will ensure that Australia will occupy a more significant place in the aluminium metal market.

Australia has only one steelmaker, Broken Hill Proprietary Company. Until the past decade its steel activities dominated the group's activities. They still do, in terms of assets, but BHP's mining activities (iron ore, manganese, coal) and, in particular, oil and gas, have taken over in terms of profits.

In the year to May 31, 1979, BHP earned almost A$190m—easily the largest figure yet turned in by an Australian company. Steel contributed only A$32m to that figure with oil and gas making up the lion's share at A$123m.

This picture is slightly confused because BHP has its own form of inflation accounting and its depreciation charge, or fixed asset valuation adjustment as *the company calls it allows for* the effect of inflation on the replacement cost of assets. On an historical cost basis, BHP earned A$330m in 1978-79, with the steel division contributing a much healthier A$128m. Whichever way it is reckoned, however, the steel operations have been depressed in recent years and have played a much less important role.

## Recovery

In the past ten years, BHP's steel production has only ranged between 6.6m tonnes and 8m. In fact, it peaked at 8m in 1975. Since then, it slid gradually to 7.4m tonnes in 1978, recovering slightly to 7.6m tonnes in 1979.

By BHP's measure, the steel operations dipped into the red for the first time in 1975 with a loss of A$5.2m and, over the next three years, ran up losses of A$150m. Now it has turned the corner and the immediate future looks promising. Recently, BHP was operating at 90 per cent of capacity and the directors expect an increase in local steel demand of about 11 per cent, which would put the steelworks at close to capacity.

BHP is now at an interesting crossroads. It will need to decide soon whether to instal new steel-making capacity if it is to avoid an imbalance in Australia's steel situation, or the entry of a steel-maker competitor. As Australia's sole steel-maker, BHP has always ensured that it looked after the local market and used exports as a buffer. When export markets have been poor it has incurred losses through exports rather than cut output, and reduce employment.

In 1979, domestic sales rose from 3.7m tonnes to 4.6m tonnes while 2.4m tonnes went overseas. In 1975, however, BHP deferred plans for a A$500m expansion programme because it claimed the returns from steel were insufficient to justify large scale expansion. At the time, BHP said it would go ahead with the expansion, which included a new blast furnace at its Newcastle steelworks, in *New South Wales, if the prices* justification tribunal agreed to a 14 per cent increase in the price of steel.

In the event, it got 10.5 per cent and surprised most observers by putting the expansion on ice. In retrospect, this turned out a fortuitous decision as BHP's planning was worked on assumed long-term growth in *steel orders of 5 per cent, but* this fell far short, and for a period consumption fell. BHP's sums now assume a growth rate of 3.8 per cent.

BHP has now dusted off Newcastle and is re-examining the possibility of proceeding with the new blast furnace. The group has run into a snag with the industries assistance commission—an independent statutory body to advise on protection policies.

Earlier this year the IAC held an inquiry into the steel industry at which BHP argued that it needed tax concessions and higher steel prices rather than export incentives to justify the investment.

The IAC view is that most of the existing protection given to the steel industry should be removed and that BHP should look to the export market for future growth rather than the domestic market.

BHP claims that new investment on steel plant and equipment cannot be justified solely by potential export sales because of the extreme volatility of the international steel market. Despite its opposition BHP recently made an expansionary move in this direction. In June it paid A$87m to take complete ownership of its biggest single customer for steel, the sheet metal group, John Lysaght (Aust). BHP for several years equally owned Lysaght with the UK group, Guest Keen and Nettlefold.

Changing conditions in Lysaght's major domestic markets—such as the motor vehicle and electrical white-goods makers—are increasingly forcing that company to look to export markets to utilise its existing capacity. Lysaght operates a steel rolling complex in Westernport, Victoria, which was designed to be the first stages of a fully integrated steel-making complex.

All of the projects we aimed at the east coast where the coal deposits are located—three for New South Wales, two for Queensland and one for Victoria. Even Australia has only so much power available in the large blocks in which it is needed, and one project—a A$500m 150,000 tonnes a year plant for a consortium headed by Swiss aluminium and Australian group, CSR which already operates a bauxite mine and alumina refinery at Gove, in the Northern Territory, has been put on ice. Two other proposed NSW smelters—one by Alumax of the U.S. and the other by Pechiney of France won the nod ahead of the Gover consortium and there was not enough power left to go around.

Alumax is looking at a A$500m 220,000 tonnes a year plant. Of the other proposals, ALCOA of Australia, which already operates a smelter in Victoria, plans a A$350m 120,000 tonne second smelter in Victoria; Alcan, which operates a smelter in NSW, proposes a A$500m 100,000 tonnes a year smelter at Gladstone, in Queensland, and Comalco, which operates a smelter in Tasmania, heads a consortium *to build a* A$500m 206,000 tonnes smelter, also at Gladstone, Queensland.

There is a very good chance that the five remaining ventures will all go ahead, and that they will all contain a large Australian equity. This means that by the mid-1980s Australia's production of aluminium will jump from the present level of around 270,000 tonnes to more than 1.3m tonnes a year.

The increased output will be virtually all earmarked for export as Australia is already a *slight net exporter. There is* a need for increased smelter capacity as Western world supplies of aluminium at 12.5m tonnes in 1978 only just covered demanded at 12.2m.

Demand is still rising and the difficulties in establishing smelter facilities in the major producing countries mean that other areas, such as Australia, *become attractive.* If, as seems likely, the proposals go ahead, Australia's share of the world production of aluminium metal will jump from its present 2 per cent to around 10 per cent within the next few years.

**James Forth**

*Geologists at a uranium ore deposit in Australia's Northern Territory use a scintillation counter to examine diamond drill cores.*



## URANIUM

# Uncertainties about demand

FULL-SCALE mining of Australian uranium, after the years of postponement because of public opposition and critical soul-searching, is going ahead. The questions remaining are: how much will be mined and how fast?

There are commercial uncertainties about future world demand — and therefore the price that can be got when and if contracts are signed. There is further uncertainty about what the Labor Party opposition would do if returned to power about its pledge to reinstate a moratorium on the export of uranium if it were not satisfied with the world system of nuclear safeguards.

But there is no doubt that *the companies which now have* the go-ahead from the Government will — if only from frustration and a feeling that the chance must be seized—dig the holes and extract the ore. One executive, with a seriousness that belied his attempt at jest, said: "I'm looking forward to the day, and I think it will come sooner rather than later, when opposition to uranium becomes a punishable offence." Executives of these companies, and of those which have yet to win approval for their projects, believe that world demand will be strong when their mines come fully on stream in two to six years' time.

While admitting that uranium is not a rare material and that competition from other countries will be great, the companies believe that the West will inevitably come to depend on nuclear energy. They believe that users, when they see that Australia can be a reliable supplier in quantity, will come forward with contracts at a profitable price, if only to diversify their sources of supply and thus protect themselves against upheavals in the politically unstable world of nuclear energy policy.

Australia is generally estimated to have between 18 and 20 per cent of the Western world's readily accessible reserves of U308, a figure that fluctuates from year to year depending on the level of exploration in Australia *vis-a-vis* the rest of the world. Estimates of reserves by the companies, if only to help maintain the level of their share prices, are generally announced at the possible maximum and then later reduced by more cautious bodies, such as the Organisation for Economic Co-operation and Development (OECD) and the Australian Atomic Energy Commission.

## Margin

On the basis of public statements by the companies, recoverable resources can be estimated at approaching 860,000 tonnes. On the other hand the Atomic Energy Commission's report for 1977-78, the latest available, estimated that reasonably assured and probable additional reserves at an acceptable cost were 337,000 tonnes.

That figure is more than a year out of date, however, and therefore does not take account of continued exploration, especially at Roxbury Downs in South Australia. The Commission's report for 1978-79 is in preparation and expected to be published late this month. Geological research published by the Commission, while emphasising the high margin of error involved, suggests that ultimate reserves could rise to a range of 1.5m-3m tonnes.

The main areas of Australian uranium activity are:

● Nabarlek in the Northern Territory, owned by Queensland Mines. Reserves estimated at 9,100 tonnes. Ore being extracted and stockpiled ahead of treatment plant completion, which given favourable weather and the ability to instal equipment should be about this time next year. Production planned for 1,000 tonnes annually.

● Ranger (Jabiru) in the Northern Territory. Owned by Peko Wallsend, Electrolytic Zinc Co. of Australasia and the Federal Government, which recently announced its intention to sell its 50 per cent interest. *Companies put reserves at* 110,000 tonnes but say geological evidence indicates they may be double that. Construction proceeding, with output of 3,000 tonnes a year planned for the mid-1980s, rising to 6,000 tonnes annually.

● Yeelirrie in Western Australia. Federal Government relaxation this year of foreign *investment guidelines allowed* Esso and Urangesellschaft to take sizeable interest in what was complete ownership by Western Mining Corporation. Reserves estimated at 46,000 tonnes. Construction of pilot plant to start as soon as possible to test new technology for main plant, which is scheduled for completion by Mid-1984, with annual output of about 2,500 tonnes.

● Jabiluka in the Northern Territory. Pancontinental Mining Ltd. Reserves estimated at 207,000 tonnes. Company recently submitted new Environmental Impact Statement (EIS) proposing underground operation (all other projects are open-cut). While not rejecting the new proposals, the federal Ministry on Science and Environment last week recommended that the project should not proceed unless further conditions are met. In any case production is some years away as several other issues remain outstanding, including foreign-investment guideline approval for Getty Oil's 35 per cent equity interest, a court ruling on Aboriginal land claims, and the negotiation of royalties. Production is planned at 3,000 tonnes a year, rising to 4,500 within three years and ultimately to 9,000.

● Koongarra in the Northern Territory. Owned by Noranda Australia Reserves estimated at 18,000 to 30,000 tonnes. EIS expected to be submitted soon, but negotiations with aboriginal interests yet to begin. Initial production planned for 2,000 tonnes a year.

● Roxbury Downs in South Australia, owned by Western Mining Company, has agreed to 49 per cent stake by BP, but Government approval awaited. No reserve estimate, with company confining itself to cryptic statements such as several 100m tonnes of mineralisation discovered that can be expected to produce between a half pound and one pound of U308 per tonne. The State's Labor Party Government remains opposed to any mining "until it is satisfied that it is safe" and has repeated this month that "there is no likelihood of a change in this safeguards policy." *The Parliamentary* opposition is equally determined that the project should proceed, however.

## Commitment

Proponents of uranium admit to only one cloud on the horizon —the danger of producing too much too fast and thereby creat*ing over-supply that would* lower prices to unprofitable levels. They argue with conviction that this cloud will soon be blown aside when the world comes to its senses and embarks on the inevitable reactor-based energy programme, with the commitment made to long-term capital projects that will ensure an orderly progression in the world uranium market. In any case, they argue, users want to diversify their means of supply and are looking to Australia as a source with relatively low-cost easy extraction that can withstand a period of stagnation and then quickly expand to meet a surge in demand.

Opponents still see the cloud on the horizon as, if not mushroom shaped, at least deadly. They argue that the present Liberal/National Country Party Government, in its approval of uranium export, has once again ideologically served the free enterprise of big business without due regard to the possible consequences.

A high level Labor Party Parliamentary delegation has just completed a world tour in an effort to determine what sort of contractual offers Australia could expect, and to gain more insight into how effective the present safeguard system is. Other than Britain's "intention" to buy Australian and some preliminary financial arrangements in Tokyo should Japan decide to buy Australian, the delegation said, they found no firm policy that could make *contracts imminent. More dis*couragingly, the delegation said, they found safeguard arrangements far from adequate.

Labor opposition leaders concede privately that events may make it impossible for them ever to honour their party's pledge to cancel any new sales contracts and bilateral safe*guard pacts.* If contracts had been entered into, the damage to some countries' energy plans and to Australia's reputation as a supplier of mineral resources might be too great.

But the concern over the dangers of weapon proliferation and of waste disposal are real, and if the Labor Party were returned to power there is a strong possibility that the new government would attempt to win multi-national agreement among users on new safeguard arrangements with greater Australian involvement.

However, with Australia's lack-lustre economic performance over the past few years there has been the historical gallop towards the *political* centre. The uranium issue was pushed far to the periphery at the recent Labor Party conference. Anti-nuclear marches lack the vigour of old. The unions, some of which were the most effective opponents of uranium mining, now have men working on the Northern Territory sites. "Continued opposition by the Labor Party *to* uranium has become completely hypocritical," said a Cabinet Minister. "The issue is dead."

Nevertheless the potential for rejuvenated effective opposition is there. Australians are acutely aware of the issues, simply because so much of their nation's effort is involved with the exploitation and export of minerals. *They,* more than most peoples, keep open the debate over the implications of the oil multinationals' inroads into other energy resources. The marchers still march and opposition remains official policy of the Labor Party and many of the unions. Even the Government's seeming treatment of the issue as dead has rekindled old fears.

That is why the relaxation of foreign investment guidelines, the unexpected Western Mining-BP deal and the sudden exposure of the Government's intention to sell the State's share in Ranger all resulted in baner headlines throughout the country.

**L.K.**



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## COAL

# Concern over prices

"DRAGLINE" is a small sounding name for a very large object: those massive cranes that "walk" across the Australian outback—on skis half a man's height using a cam taller than a man—opening the 70-metre-wide cuts above the coal seams.

Their buckets dip then drag away the over-burden of soil and blasted rock—up to 100 tonnes at a time—lifting it up from the seam and dumping it aside in piles that, in the flat countryside, look like small mountains.

Draglines are like skyscrapers: their enormity can only be appreciated at a far distance. And as skyscrapers have become symbols of big cities, so the dragline has come to symbolise the scope of Australian coal-mining.

There are nearly 200bn tonnes of identified black coal reserves in Australia, equivalent to 450 years of domestic requirements. The country consumed 33.7m tonnes last year, whereas the mines produced 72.3m tonnes of saleable coal, or more than 310,000 tonnes per working day.

Australia is, of course, an exporter of coal—but what is notable is the success with which it has accomplished it. Coal became Australia's biggest export earner five years ago and, in 1978, contributed 12 per cent of the country's export income.

In the period between 1973 and 1978, exports of coal more than quadrupled in value, from A$352m to A$1.5bn. Exports are now running at about 39m tonnes annually, only behind the U.S. and Poland, and, according to the International Energy Agency, are expected to rise to 57m tonnes by 1985 and to 195m by the year 2000.

However, the difficulty only becomes clear when one places these impressive figures in a world context. Coal is not a rare material. Australia has less than 2 per cent of the world's resources and, even with its expertise and sizeable reserves of relatively easy to extract coal, only stands ninth in the output league of the world's top 15 producers. The big three—China, the U.S. and the USSR—are producing 720m tonnes annually against Australia's 72m.

The market for coal is a buyer's market, and Australia, whose economy depends in a major way on the mining, processing and export of minerals, has traditionally been an anxious seller. This situation, of course, has been reflected in the price.

For instance, the rapid growth in exports has in large measure reflected the expansion of Japanese steelmaking. Japan is taking about 70 per cent of Australia's coking coal exports, which now account for about 40 per cent of Japan's coking coal needs.

However, the Japanese have traditionally paid less for Australian coal than for coal from Australia's competitors. In the years 1972 to 1978, the Japanese bought Australian coal for an average of 18 per cent less than it paid on average to their other suppliers, and although this discrepancy has been consistently narrowed from 22 per cent in 1972 to about 5 per cent recently critics of the Australian industry's contract arrangements say that because of currency movements in favour of Japan the real figure is back at 1972 levels.

## Lively

The price negotiated for Australian coal and the producers' arrangements with certain markets is likely to remain a lively issue for some time, with the possible result being a change in Australian mineral export policy. Recently concern over whether exporters were being forced to sell the country's natural resources too cheaply brought action by the Federal Ministry for Trade and Resources in the form of stricter export guidelines, including parameters on pricing provisions, tonnages and the duration of contracts.

The premiers of Australia's main minerals exporting states, Queensland and Western Australia, with the solicited aid of many of the companies involved, conducted a campaign to squash the guidelines. The guidelines remain in name, but with what stringency and force they are being applied is uncertain.

The ministry, after talks with the state leaders, agreed to the statement that ". . . the states accept that special market circumstances may arise where some form of action is necessary to control exports, but the method of control should always be the subject of meaningful consultation between the Commonwealth (Federal Government) and State.

"There is little to be gained by trying to define in advance what circumstances might justify intervention. These would have to be considered and desirably agreed on a case-by-case basis as a result of consultation between the Commonwealth, the state concerned, and the companies themselves."

One of the most poignant aspects of the episode was that there was sufficient concern under a Liberal National Country Party government that the move was attempted, under a coalition comprising the parties most determined to preserve states' rights and the freedom of market forces in business. The stricter guidelines failed, of course, on the insistence of maintaining those principles.

About a fortnight ago it was suggested to Mr. Johannes Bjelke-Petersen, the Premier of Queensland, that some leaders in the Federal Government were still considering ways to implement stricter guidelines.

He replied: "Let them sit there if they want to and think they are doing something. But if they are tempted to start to interfere again, then the thing will blow up smartly, and we'll wipe it completely. Well, at the moment, if they think they are doing something well, OK, let them sit there."

Despite strong words, however, the issue is unlikely to go away. There are people in the capital still contemplating the strict scheme, and there are *Labor Party front-benchers* who if returned to power would be committed to it.

"We would bring it in as soon as possible—full stop," said one former minister.

Ironically, it is the same world energy situation that makes some Australians fear they are giving one of their most valuable resources that is engendering the brightest prospects for coal.

The downturn in steel-making has forced the Australian coal industry to intensify its efforts to build on other markets, which it has done with considerable success. Sales are up in the U.S., Western Europe and Asian countries, other than Japan, and new orders include the Middle East and Eastern Europe.

## Promise

Moreover, it is the world energy situation that is giving rise to excited expectations for Australian coal's potentially great growth area: steaming coal for power stations. While coking coal will remain in the forefront for the next few years (a cautious upturn in steel-making has been noted, with Japan seeking longer term contracts), the Australian companies see the greatest promise in steaming coal.

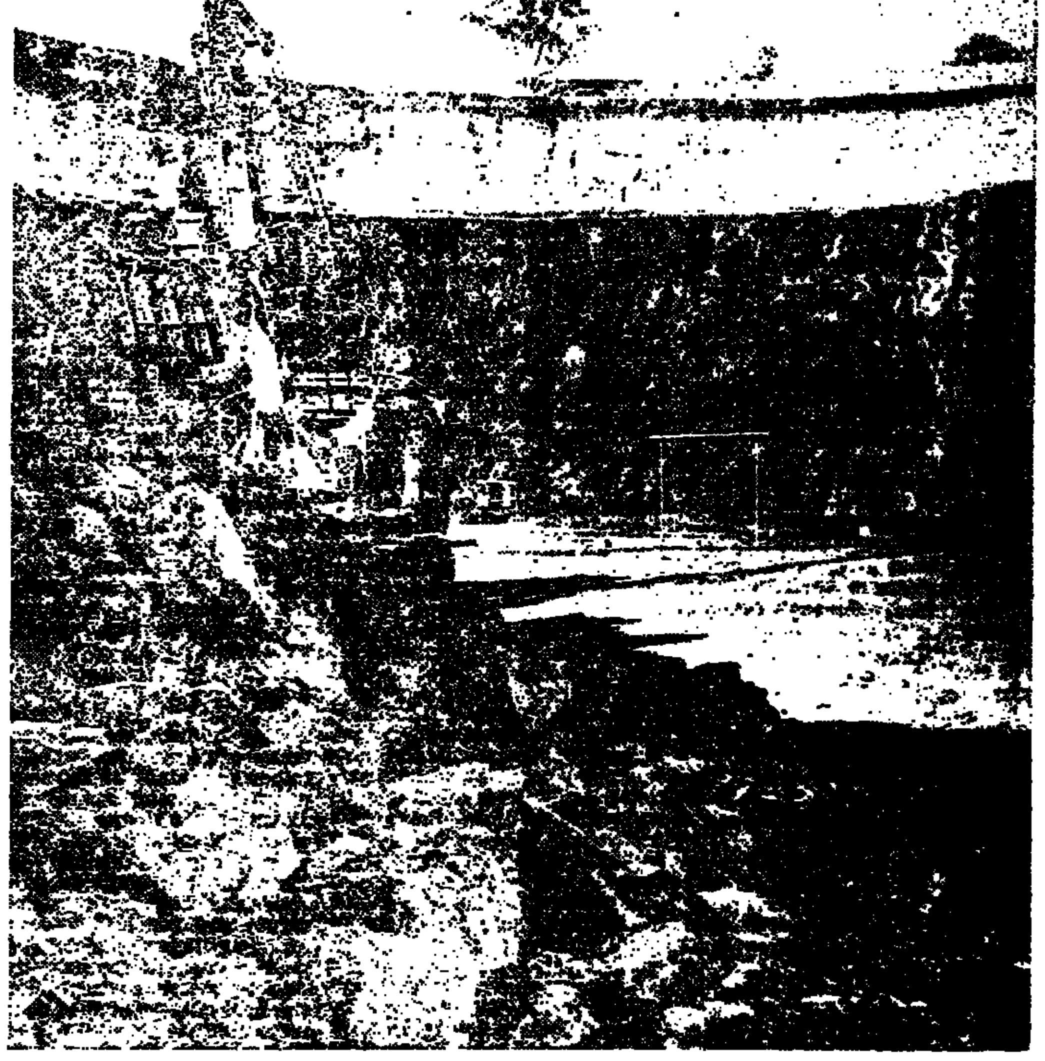
*Executives feel* the return to long-term nuclear projects will eventually come. But, they add, given the serious concern over nuclear energy it will be a return that will include diversification and an increase in coal-powered operations.

From only 3.1m tonnes annually three years ago, steaming coal exports are predicted by the International Energy Agency to rise to 14m in 1985, then to 36m in 1990—and then to 120m by the year 2000.

Meanwhile, the industry overall remains healthy. Australian coal mining companies were the country's most profitable sector in the last fiscal year, with the average return on shareholders' funds, after tax and interest, at 23.5 per cent.

And there appears to be no lack of confidence in the future. If one acquires the latest Government fact-sheet sent to trade missions abroad on major resource development projects and then adds up the value of projects that are far enough advanced (or planned) on which to put a money value, you will arrive at the very sound figure of A$ 4bn.

L.K.



*Australia now exports around 39m tonnes of coal a year—the rapid increase in coal exports largely reflects the expansion of the Japanese steelmaking industry, since Japan buys about 70 percent of Australia's coking coal exports. Above: an open cut coalmine in Central Queensland*

## OIL

# Waiting for the expected boom

AUSTRALIA AWAITS a good oil strike. Much of the petroleum exploration industry is poised to react one way or another. Many of the companies recently involved have built anticipation of an oil strike into their planning; others not yet involved are ready to move in quickly once oil is found.

The result is an industry teetering between taking off into a boom and lapsing back into relative sluggishness on the exploration side. Two examples are illustrative.

In the prime exploration prospecting areas off the North-West last month a record eight wells were under way. Since then three of the offshore rigs have become idle, with no consistent work in sight. Only one seismic survey ship remains on the whole 23,000-mile Australian coastline—a poor omen considering that the level of today's seismic work is an accurate measure of next year's drilling activity.

The exploration chief of a multinational resources group summed up the situation when he went through the reasons his company was not taking part in Australian exploration. He listed the too long intervals between successful wells; drilling costs twice as high as in nearby countries like Indonesia; union troubles; concern about oil-pricing policies; doubts about the capacity of the geological structure to generate commercial oil. "But, of course," he added in a telling afterthought, "we'll have to follow the herd if somebody strikes it."

## Cautious

Since Exmouth Plateau blocks were allocated two years ago, attracting all "Seven Sisters" to the bidding list, the major companies have tended to wait and see. This has enabled the more promotionally minded groups to pick up the kind of acreage not normally available to them as a basis for a flying start if there is a boom but as a source of embarrassment if they cannot offload their drilling and expenditure commitments to their more cautious relations.

Until recently the expensive offshore end of the Australian oil exploration business was almost exclusively a big company affair. But in the bidding for recent offshore blocks, small exploration outfits—some of them little more than newly registered business names—have dominated the lists.

Already the stockmarkets sense an oil share boom and have pushed up prices by an average of 55 per cent in the past year. Extension of taxation concessions from offshore to onshore exploration expenditure would strengthen this interest since it would apply mainly to smaller companies that have concentrated in onshore wells.

The Federal Government has raised crude oil prices to world levels. But Canberra baulked when it came to the alternative of windfall profits for producers (mainly Esso-BHP in Bass Strait) or windfall taxes. The decision was predictable. The consumer pays world oil prices, the discoverer gets about half and the Government takes the rest.

Tax advantages to offshore explorers, framed initially to get the Woodside Group's A$4bn North West Shelf gas liquefaction project under way two years ago, have stimulated exploration offshore. Small onshore oil accumulations look good in the light of pricing and concessions, with the prospect of tax cuts being extended to all exploration expenditure in the Federal Budget.

The West Coast maintains most of the interest. Three of Sedco's dynamically positioning rigs are at work—one each for Esso and Phillips on the Exmouth Plateau, one for Woodside on the deepwater Browse Basin. On the shallower North West Shelf nearby Woodside is drilling another wildcat and is ready to go quickly into the development stage for LNG and onshore pipeline gas from the North Rankin gasfield just as soon as Japanese and/or Californian utilities sign sales contracts.

Recently floated Stirling Petroleum earlier this month had a minor oil show in the Bruce Well close inshore between North Rankin and the coast. Stirling's managing director, Mr. Alan Burns, maintains this will rewrite the geological rulebook on this part of the coast, rich in gas but with only tantalising sniffs of oil so far. The next well, not yet scheduled, should tell.

Meanwhile companies are moving in or moving into first-well phases. Oxoco will be operators this financial year on two wildcats—"confident there's an oil strike in the offing with so many interesting things untested yet," as the U.S. group's International Exploration vice-president, Mr. John Fitton, puts it.

Mesa's current move is significant, the shift of international headquarters from Aberdeen to Perth after having sold Canadian interests and reportedly doing the same in the North Sea. Weaver Oil and Gas and Era South Pacific of the U.S., and Haoma, Geometals and Pursuit of Australia are other new offshore operators in the past year, while Perth-based Oberon and Pelsart are gearing up for their first offshore wildcats this year.

## Theories

Statistically, the chances of the big oil strike improve each time a new operator, another drilling rig or a new set of geological theories are applied. But Exmouth Plateau, turning up minor gas on a gas-prone coastline, is dampening early enthusiasms, even among the professionals who point out they will need several more wells before they can define even the broad parameters.

Oil companies and service companies of all sizes are attracted by the old Australian formula of vast and largely untapped resources in a politically stable country. This, along with spin-off from the big LNG project, should keep the industry busy over the next few years. But oil strike anticipation is running so high that another round of disappointing wildcats would flatten, or even turn downward, the recent trend of increasing activity.

Equally, a significant discovery would vindicate the optimists and embolden the sceptics. So a one-handed person finds the Australian petroleum business hard to describe. On the one hand—in a pattern that repeats itself throughout the industry—a few more dry holes would quickly sap the fringe-dwellers' enthusiasm while on the other the oil strike that is possible any day would set off a scramble in exploration and associated speculation.

D.L.

## THE MOTOR INDUSTRY

# High cost of local production

AUSTRALIA'S motor industry is probably not quite the most uneconomic in the world: the South African industry, with 18 manufacturers and assemblers serving a market of around 250,000 units, may deserve that distinction. However the basic factors of scale, distance and market size are heavily stacked against the five companies trying to make a living by manufacturing cars in Australia.

The local market (almost static for the past five years), is roughly the same size as that of Holland, although Australia's land area is 25 times that of Britain.

Distribution, accordingly, is not cheap. But it is the cost of manufacture which makes the industry's survival prospects problematic, even behind high protective barriers.

"It costs twice as much to make most things in Australia as it does in Japan" according to the local manager of Toyota, one of the two Japanese companies now building cars in Australia within the terms of the Government's 85 per cent local content production plan. The finance director of General Motors-Holden (the market leader) puts it another way: "To operate economically by world standards a motor manufacturer in Australia would probably need to build 250,000 to 300,000 units per year of one model on a two shift basis. The market needs four to five different models, so you could calculate that one company might get by with an absolute minimum output of 500,000 units per year."

If the obstacles to building a viable motor industry in Australia are so formidable one may well ask why the task was ever attempted. The answer, according to the Ministry of Industry and Commerce, is that manufacture (as opposed to assembly) of motor vehicles was encouraged after World War Two as part of a government programme for increasing industrial employment, which in turn was geared to the post-war policy of boosting immigration. Aside from its value as a source of jobs the motor industry is seen as being vital to Australia's security, given that the companies which turn out components for the motor assemblers could also help to produce armaments in time of need.

The first Australian designed and built car was produced by General Motors-Holden in 1948 in response to a Government programme for promoting the industry which made imports of built-up cars and components subject to licence. By the end of the 1950s Australia had four main motor manufacturers (GM-H, Ford, Chrysler and BMC) most of whom were relying on locally made components for up to 95 per cent of the wholesale value of their cars. The lifting of import licencing in 1960 however produced a reversion to the use of imported components which in turn led (in 1965) to the introduction of a series of local content plans under which manufacturers undertook to procure 85 or 95 per cent of the parts required for individual models in return for duty free imports of the remainder.

### Quotas

The industry's next major crisis came in 1974 when car imports (mainly of four cylinder models and mainly from Japan) began to rise alarmingly at the expense of local production (which was mainly in the hands of the affiliates of the American big three manufacturers and which concentrated on six-cylinder models). Imports accounted for half of all passenger car registrations in the final quarter of 1974 despite import duties over 40 per cent. They would probably have grown still further in 1975 had not the Government introduced a new plan for the industry which included import quotas and a revised and more flexible local content plan.

Import quotas which were lifted temporarily in 1976 after the devaluation of the Australian dollar, but soon reimposed, are designed to preserve roughly 80 per cent of the market for local manufacturers. The current local content plan (revised in 1976) calls for companies to achieve an average 85 per cent local content level on their entire model range instead of specifying the percentage for individual models. This has enabled GM-H, for example, to market an Australian version of the Gemini (a four-cylinder car pioneered by its Japanese affiliate, Isuzu) in which the local content ratio is between 50 and 60 per cent while it maintains local content ratios of well over 85 per cent on its larger Holden models.

The Australian motor industry today consists mainly (apart from importers) of the local affiliates of the two top American manufacturers GM and Ford, affiliates of the major Japanese companies, Toyota and Nissan and, in fifth place, the Australian affiliate of Chrysler Corporation in which Chrysler's Japanese partner (Mitsubishi), now holds a 30 per cent stake. All five companies are registered under the Government's "85 per cent company average local content plan," (although Toyota and Nissan, under the terms of their entry to the industry in 1976 are not due to hit the 85 per cent level until January, 1980).

At least three out of the five, however, are actively or potentially involved in a variant of the original plan which goes under the name of "complementation." What is envisaged by complementation is that a local manufacturer may gain "export credits" by exporting parts or components from Australia which could offset part of its obligation to achieve an 85 per cent local components ratio on cars sold in Australia.

The origins of complementation can be traced back to the spring of 1978, when the managing director of Nissan's Australian manufacturing venture proposed to the Industry and Commerce Ministry that the company should export engines from its newly-installed, and highly-automated, Melbourne plant and be allowed, in return, to import some additional components from Japan. Nissan received a non-committal reply from the Government, but a year or so later a similar proposal by GM-H pushed the Government into action.

GM's plan involved building what the company describes as a "world class" plant for the production of four cylinder engines which would produce some 240,000 units a year. One third of the plant's output would be used for a new front-wheel drive car which GM plans to put on the Australian market in 1982 while the remaining two-thirds would be exported to affiliates in Germany and the U.S.

### Deadline

The plan was presented to the Federal Government early in 1979 with a deadline for decision by the end of April (necessary, according to GM-H because of the 18- to 22-month delivery delays on machine tools needed to build the new engine). The result was an announcement late in March by the Federal Government that companies would be able to offset five percentage points from their local content targets by exporting an equivalent amount of Australian made motor components as from March 1, 1982.

Reactions to the Government's decision to buy the GM-H complementation plan have varied widely. According to General Motors itself, the plan could make the difference between life and death for the industry. The company's Finance Director says he thinks the new front-wheel drive car which will be fitted with engines produced under the plan will be at least A$1,000 cheaper than would have been the case if an engine plant had been built to supply the Australian market alone. This means that it may be cheap enough to overcome the resistance consumers have been showing to high prices of locally produced cars during the past few years.

GM also thinks that the greater latitude that assemblers will have to choose between Australian-made or imported components will provide a healthy challenge for components manufacturers who, in the past, "thought they could sell at any price they liked."

GM's optimism is not shared by Toyota which recently put into operation an engine plant geared to the needs of its Australian operation. Toyota says that complementation could actually weaken the components industry whose competitive strength it sees as being crucial to the survival of the motor industry as a whole.

Both Toyota and Nissan feel that the Australian Government should have tried harder than it has done to strengthen the components industry through encouraging mergers (something that would almost certainly have been done in similar situations in Japan by the Ministry of International Trade and Industry). Japanese components makers, they say, have studied investment prospects in Australia but have unanimously decided that the market is too small to be worth entering.

Chrysler Australia (which ranks fifth among the assemblers, but makes the best-selling four-cylinder car, the Sigma) is cautiously optimistic about the prospects for complementation. The company's Japanese joint deputy managing director, who previously held the post of managing director in charge of production at Mitsubishi Motor Corporation in Japan, says the long term prospects for production-sharing between the Australian and Japanese motor industries are good. Chrysler will, in any case, become indirectly involved in complementation if Nissan joins the scheme (as it undoubtedly will), because the engine blocks for Nissan's engines are made at the Chrysler plant in Lonsdale, South Australia.

Mitsubishi's man-on-the-spot in South Australia thinks there is a good chance that his company will eventually take up its option to acquire a majority stake in Chrysler Australia (80 per cent of whose sales already consist of cars that were originally designed and built by Mitsubishi). The company has given itself until August next year to make a decision on this question, however. By that time, the Australian Government will have announced the broad outlines of the next phase of its policy for the motor industry, due to come into effect after the existing arrangements expire in 1984.

**C.S.**

*The outlook for the beef industry has improved. Above: a cattle station in north Queensland*

## AGRICULTURE

# Bright prospects

IN AUSTRALIA they're beginning to refer to the "other gold." It has nothing to do with a new rush on Kalgoorlie's golden mile, but rather refers to a record acreage of wheat now coming up to harvest in the nation's widespread grain belts.

Although there is a record 11m hectares under seed (in some areas at the expense of other crops), the yield is expected to be slightly lower than last season's record 18m tonnes. This is because of dryer conditions during the year and the increased land utilisation. But no matter, the farmers are sitting in the box seat with world wheat prices easily compensating for any fall in production.

Although there have been drought conditions in some areas of the wheat belt, some rain before September will see the crop through. The main danger to a record earnings year (for what will be again Australia's premier industry in the rural sector) is union confrontation in the grain transport industry. This applies particularly to the waterfront and already stoppages have seen the Australian wheat board's hopes fade away of shipping 11m tonnes for the 1978-79 year.

Any interruption to the wheat export cycle in turn creates problems on the storage side with the country's silos already bulging from last year's carried-over stocks.

But with a little help from the weather, and the unions, the wheat industry should easily retain its "golden" tag. Poor winter seasons in Russia and Europe have seen the world price shoot up and Australia has already scored a major export order to China, an area seen in Australia as one to be "cultivated." But the big "spot" orders are seen as coming from the USSR where the crop is now being termed a "failure." Australia has one A$300m order in the bag, but more are expected as even this year's massive American crop will be unable to fulfill all Russia's requests.

With the world wheat council conservatively forecasting production would fall 10 per cent, Australia looks set to not only take advantage of higher prices but also be in a position to pick up emergency orders at will. Overall the Bureau of Agricultural Economics (BAE) sees return from crops, including maize, falling back A$450m from their exceptionally high 1978-79 level to around A$400m.

The Australian Government is well aware of the importance of another "boom" rural year to its external accounts. Last year, export income from this source topped A$6,100m, and early forecasts see this year's returns coming on at around A$6,500m—a handy contribution from an industry overshadowed for most of this decade by Australia's burgeoning mining industries.

Last year's rural credits, buoyed by A$1,785m wheat contribution, contributed much to a softening in the country's current account deficit, and in turn, relieved pressure on the Australian dollar.

The latest statistics from the BAE predict a total gross value of farm production in 1979-80 of A$10,400m, slightly higher than last year's record. However, higher inflation levels will trim average farm income to A$25,800, although this is double the return from the 1977-78 year. The BAE points out that higher income can be expected for grazing and cropping industries.

Such is the importance of the rural sector in the overall economic picture that the increase in real farm production of 36 per cent boosted Gross Domestic Product by 4.7 per cent last year. Without rural growth the GDP figure was a meagre 2.8 per cent.

The outlook for Australia's other rural growth industry—beef—is also bright. This follows some disastrous years in the early seventies which saw farmers killing herds because it was unprofitable to ship them to markets. The situation is completely reversed today with the industry experiencing a strong export market.

### Lobbying

However, the outlook is clouded by recession fears in the U.S.—Australia's largest market. Doubts on maintaining access to the lucrative U.S. "hamburger" market have been fuelled by continued lobbying from the congressional beef lobby to have President Carter limit foreign access to the U.S. beef market.

An early-year announcement between the two governments that Australia would be given special consideration in beef quota allocations is now in doubt after moves in Congress to trim back the Australia beef quota. This brought quick retaliation from Australia with certain import trade concessions being immediately withdrawn.

On the other side of the world the problems of the Middle East have interrupted some export trade in sheep and lambs but the industry is still confident that increased export earnings will come from this sector. However, union and slaughtering procedures pose problems.

Meat prices are expected to retain last year's levels, because of firm export demand, but the industry could be squeezed internally as the price levels are predicted to result in lower consumption. Higher costs of feed, brought about by the drier conditions in Australia, will also see costs rise. The BAE forecasts gross returns for meat—up A$400m to A$3,855m—will greatly outweigh expected lower production.

Although wool has lost some of its kudos to wheat and beef over recent years, it has continued to contribute its share to Australia's bulging rural coffers.

Gross value of wool production in 1979-80 is expected to increase 2.6 per cent to around A$1,400m, but this will be brought about by a larger clip as prices are not expected to increase. This Australian clip, according to the BAE, is forecast at 729,000 tonnes, 2.8 per cent up on last year. As always, the early role of Japanese in the Australian wool-selling season is critical to the industry, although European buyers have been making significant inroads over the last few years.

The Australian wool industry, by its diversified nature, has always suffered from a fragmented approach to marketing and pricing policies, but this year will see all sectors "attempting" to move in accord. Such an approach, against a background of firm world prices, may give the industry the needed fillip to again push it to the front of the rural scene.

The only blemish among the major Australian rural producers comes from the sugar industry and, even here, the picture is not completely bleak. As a signatory to the international sugar agreement, local growers have been reporting stagnant production statistics for the last two years and the outlook for the current year is abou the same—a steady 2.9m tonnes.

However, leading up to the world sugar slump the industry has been able to concentrate on expanding its handling facilities and generally making the industry more competitive—several of the smaller groups have been taken over while millions of dollars have been spent on making farms more efficient.

The result of this is clearly shown by the industry's income figures for 1978 when annual earnings came out A$616.7m to compare favourably with A$626.6m in 1977 and a peak A$736.8m in 1974. This performance has clearly been reflected in the profits of major sugar companies, such as CSR, Pioneer and Bundaberg, all of which have also benefited from their large beef herds.

The industry has also proved quite astute on the pricing and marketing front, eliciting a higher domestic sugar price from the federal government and maintaining "rare" long-term contracts with Asian customers at prices ruling above the depressed world price. With hopes that the United States will eventually sign the ISA, and world sugar prices looking decidedly firmer on the futures market, the industry seems set to lift itself off the bottom rung.

The drought, now stretching into its fourth year in some areas, is still a force to be reckoned with and many farmers in Western Australia, western New South Wales and southern Queensland will earn no income this year despite the rosy forecasts from the BAE.

As already pointed out, income per farm will be down slightly as the federal government admits the nation will be back in double digit figures this year. This takes no account of further problems in Iran which have so jeopardised world supplies this year.

Farmers around the nation are spending much of their "new-found" funds on sinking giant new storage tanks in anticipation of shortages ahead. This has already caused shock waves in the Liberal Party-Country Party coalition, straining to convince the general public that although supplies may become tight, rationing should not be needed.

The farmers have also been lobbying, not only to assure supply, but to persuade the Government to revise its world parity oil policy. Its pleas so far have fallen on deaf ears as Canberra eyes the massive rural credits piling up at the Treasury.

**Roger Johnstone**







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By QUENTIN PEEL, in Johannesburg

# Export boom fails to spark recovery

THE SOUTH African economy is in a fix. After 18 months of record trade surpluses, economic growth stubbornly refuses to gain momentum. With the gold price daily breaking new records in London and Zurich, its benefits have yet to percolate back to the South African in the street.

Inflation is accelerating. Unemployment is over 9 per cent and growing in absolute terms. The stock market is booming, but private investment is still declining. Money is cheap and plentiful in the banks and building societies, but no one seems to want to spend it. Government coffers are awash with windfall mining taxes, but it has no obvious ideas on how to pump it back into the economy.

To many countries, South Africa's problem might seem an embarrassment of riches. At a time when the soaring oil price is once again threatening to turn trade balances on their heads, South Africa's gold revenue has paid the bill. As the oil crisis deepens, it only rebounds to the benefit of South African exports: gold, platinum and diamonds, as hedges against inflation, and alternative fuels like coal and uranium.

Over the past three years, South Africa has turned a hefty current account deficit of R1.6bn (US$1.9bn) in 1976 into a remarkable surplus running at an annual rate of more than R2.2bn ($2.6bn) in the second quarter of the present year. First there was a huge expansion of export volumes, particularly coal and iron ore, and then in 1978 export prices moved strongly in South Africa's favour.

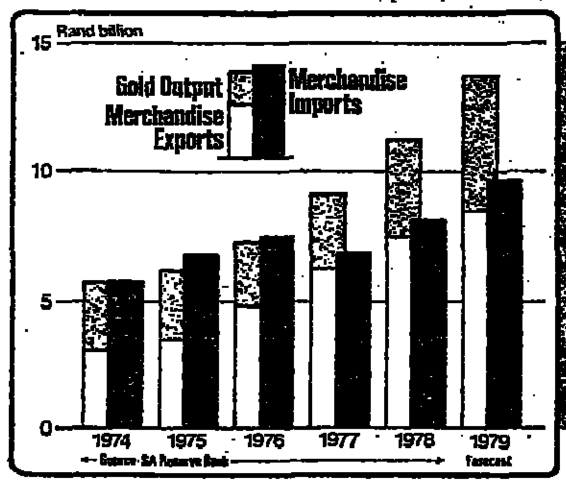
Soaring gold earnings, expected to top R5bn ($5.95bn) in 1978, have not only covered most of the increased cost of oil (in spite of South Africa having to buy much of it at inflated spot market prices) they have helped cover a major debt repayment schedule, and a large additional outflow of capital—more than R3bn over the past two years. South Africa's international credit rating on the capital markets is returning once more to what it was in the early 1970s, although it must still pay some political premium for its borrowings.

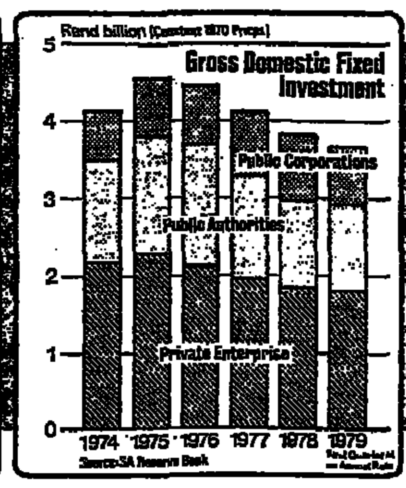
It is now almost two years since the economy bottomed out, in the latter part of 1977, after the most prolonged economic recession since the last world war. So far, however, the recovery has failed to gather any momentum. Real gross domestic product grew by just 2.5 per cent in 1978, and by 3 per cent in the 12 months to June 30. Consumer spending has stagnated, and fixed investment has continued to decline for four successive years.

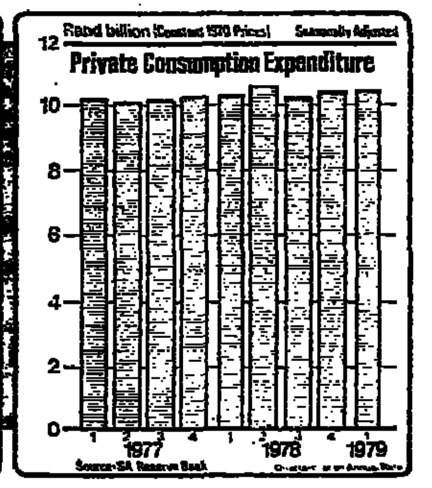
Although real gross domestic expenditure increased by 3 per cent in 1978-79, compared with declines in the preceding two years, the increase was mainly due to inventory investment. Real private and government consumption each increased by a bare 1 per cent in the year, and gross domestic fixed investment declined by 5 per cent.

The problem of stimulating the export-led growth which might have been expected is becoming increasingly urgent. Export growth has already slowed appreciably in the first half of the year. In line with the downturn in the economies of South Africa's western trading partners. By the end of next year, the current account could once again be in deficit.

The most immediate problem is directly attributable to the fuel crisis. South Africa has suffered more than most from the latest upheaval in the oil market: for Iran, once the source of more than 90 per cent of her supplies, has joined the Arab embargo in protest against the Government's race policies. Thus South Africa has been hit both by price and availability. In the first-half of the year the great bulk of crude supplies had to be bought on the Rotterdam spot market, where prices




eventually touched $50 a barrel. But even if South Africa could pay, thanks to gold, the quantities were simply not available and oil imports were down 40 per cent in the first quarter.

While the strain has not been felt on the balance of payments, because gold earnings have largely made up the difference, the Government's action to cut back fuel consumption, by almost doubling the petrol and diesel price, has undoubtedly severely damaged any revival of consumer spending which might otherwise have materialised earlier in the year. In contrast, gold earnings have stayed with the Government, through increased taxes, and to a lesser extent with the mining houses, in retained profits and investment plans not yet fulfilled.

## Industry call

The immediate answer for the Government is to put together a package of fiscal stimulation to pay out some of its excess revenues. Such a course has been widely mooted in industry, and is certain to have been discussed at last week's meeting of the Prime Minister's Economic Advisory Council.

Nevertheless, the room for manoeuvre for Senator Owen Horwood, the Minister of Finance, is limited between budgets. He may not alter direct taxes, but must find his handouts from other instruments.

One proposal is that he should abolish the General Sales Tax, a 4 per cent tax levied across the board, on all food sales—thereby tackling one major element in the current 12.9 per cent increase in the consumer price index, and benefiting the lower paid (and largely black) section of the community which has been hardest hit by inflation. But Mr. Horwood is loth to complicate a tax which was only introduced last July actually to simplify the tax structure. The most popular proposal is that he should repay a substantial proportion of loan levies paid into the Treasury by companies and individuals. This could produce about R130m. Another possible measure, but one which would be opposed by local manufacturers, would be to cut or finally remove the 7.5 per cent import surcharge.

A temporary package of stimulation will not, however, tackle the more fundamental cause of sluggishness in the economy, the continuing lack of confidence both on the part of investors and consumers. Dr. Gerhard de Kock, Senior Deputy Governor of the Reserve Bank and special adviser to Mr. Horwood, admits there are obvious parallels to the post-Sharpeville period of political uncertainty in the early 1960s. Then interest rates were low and falling, but still the economy refused to pick up.

There is a growing belief in Government circles that the uncertainty which followed the 1976 riots in Soweto has largely evaporated. That uncertainty was compounded by the upheavals within white politics which have marked the past year, centering on the Information Department scandal, and resulting in the resignations of Mr. John Vorster, the former Prime Minister, and Dr. Connie Mulder, once regarded as the man most likely to succeed him. Mr. P. W. Botha, the present Prime Minister, has yet finally to consolidate his position within the ruling party. Moreover he is still something of an unknown quantity, for he has been careful not to spell out his policies too clearly for fear of alienating one or other wing of the ruling National Party.

Much of the lack of confidence goes beyond the present Government, however, and concerns those underlying structural problems of the economy which successive governments have failed to tackle: the rapid growth of the black population, adding some 260,000 to the economically active population on average each year for the next ten years; the steady urbanisation of the black community, in spite of strenuous government efforts to reverse the flow through influx control; the glaring inequities of income distribution between black and white, aggravated by legal restrictions on black job mobility; and, more directly related to the present Government, the threat of international pressures to change the existing system.

What Mr. Botha's Government does seem to have recognised is that those are problem areas which must be tackled, not ignored. Moreover, he is making a determined effort to woo private enterprise to help deal with them, unlike previous administrations which have sought rather to establish ever more complex systems of bureaucratic control.

His strategy is one which has been outlined, but not yet adopted. It is clearest in the recommendations of the Wiehahn and Riekert Commissions set up to review the whole field of labour legislation and mobility. They proposed that one the whole statutory forms of racial discrimination should be scrapped, leaving it up to private enterprise and the trade unions to negotiate their own racial or non-racial agreements. They recognise the need for an acceleration of black training to tackle the shortage of skills which even affected some sectors of the economy in the depths of the last recession, although there was simultaneously widespread unemployment among the (mainly black) unskilled workforce.

Both commissions seek to streamline the existing system, without too seriously threatening its basic tenets of separate development—blacks in their homelands, whites in the urban areas. But they recognise the existence and effective permanence of the urban black community and the need to grant urban blacks greater rights, such as trade union membership, and impose fewer restrictions on them, such as curfews and permits to change jobs.

The labour strategy, which has aroused a considerable white backlash among trade unionists believing their jobs threatened, and within the National Party, has so far been watered down to make it acceptable. But the thinking behind it—that the bureaucracy of apartheid has hampered economic growth, which is now a higher priority than ideological purity—does seem to have been accepted in the top levels of government.

Simultaneously there has been a recognition that government should reduce its presence in the economy, and allow the private sector to generate growth. The entire strategy of the last budget was aimed at encouraging the private sector to invest. "It is a capitalistic approach, a free market approach; over to the private sector. We would like the private sector to make money again," Dr. de Kock says. What has hampered the strategy is that the private sector is still clearly unwilling to put its money on the sincerity of the Government's new strategy until it sees a little more firm evidence of it.

## Improvement

Although few signs have yet emerged in official figures, there are indications that the strategy is starting to pay off. Large retailers report a significant pick-up in sales since July. The housing market, where building has slumped 46 per cent in four years, is rapidly gathering momentum. Individual manufacturers, ranging from furniture factories to air conditioning company, report a sudden acceleration in activity. The chances of better growth for the coming year are improving.

In the longer term the economy still needs to make a leap out of the area of maximum 3 to 4 per cent growth rates of the past decade. According to the Government's own new Economic Development Plan, due to be released shortly, an average 3.7 per cent growth rate to 1987 will mean unemployment of 1.5m. Boosting it to 5 per cent will still mean more than 1m out of work.

First Mr. Botha has to persuade the private sector, and the foreign investor, that he is genuine in his new direction, and his desire to lift the bureaucratic controls on private enterprise. Thereafter he must persuade the black community in South Africa to go along with his new deal. That will remain his greatest problem.

# Letters to the Editor

## Monetary confusion

*From the Deputy Director, National Institute of Economic and Social Research*

Sir,—There is a certain wry entertainment in observing the intellectual confusion of the various monetary eminences who are now allegedly jostling for the position of chief economic adviser to the Chancellor. I do hope they sort themselves out before the end of the year; otherwise the unfortunate Chancellor is also going to be a bit confused.

We used to be told that cutting the PSBR was not deflationary, because rates of interest would fall and private demand would take the place of public. That is clear enough; I don't think it is true, and I think the empirical evidence is against it, but at least it is clear.

Now we are apparently told that it is all right for "automatic stabilisers" to increase the PSBR in bad years; but of course any reflation which does not come under the label of "automatic stabiliser" is wrong. So if you have passed a law some time ago, saying that the Government will pay the unemployed a certain sum, that is all right, and that helps to maintain demand. If, however, in your discretion you were to decide this year to increase the pensioners' Christmas bonus, that is not all right, because it is not "automatic" but discretionary, and therefore it does not help to maintain demand.

I think perhaps there is some confusion here?

Frank Blackaby.
*2, Dean Trench Street, Smith Square, London, SW1.*

## Electricity tariffs

*From Mr. G. J. Fowler.*

Sir,—I refer to the article Analysis that can cut energy bills (August 31) and should like to correct a number of inaccurate statements made on electricity tariffs.

Firstly, there is no law which requires an Area Electricity Board to offer to a customer the same, or a similar, tariff to that offered by another Area Board. Nor is a Board obliged to offer to a customer a unique "tailor made" tariff. What Electricity Boards are required to do by law is to simplify and standard tariffs, and in fixing tariffs not to show undue preference to any customers not unduly discriminate against customers. All Area Boards offer a form of tariff for the larged customers which will cater properly for nearly all patterns of electricity demand they are likely to take. Hence, special terms for supply are unnecessary except for a very few, usually very large, customers.

Your article also encourages customers to change tariffs at intervals as frequent as six months. Tariffs are designed to recover an annual pattern of electricity costs, for example charging less in the summer than in the winter. For this reason Area Boards generally require a customer to stay on any tariff for at least one year.

Finally, when it comes to ensuring that a customer is on the cheapest tariff for his particular pattern of electricity use, Electricity Boards will carry out an assessment on request without charge. If that leads to a change of tariff, the customer can retain all (not just 50 per cent) of any saivngs.

G. J. Fowler,
*Commercial Department, 30, Millbank, S.W.1.*

## Television monopoly

*From Mr. Derek Bloom*

Sir,—For some weeks viewers have been denied their ITV programmes and advertisers their television airtime. If the Fourth Channel existed now and was in the hands of the present ITV contractors, it is virtually certain that it, too, would be strike-bound. In other hands, that probably would not be so. One could scarcely imagine a stronger argument for reversing the Government's, and the IBA's, current intention to extend the ITV monopoly to the new channel. There are other powerful arguments in favour of competition, of course, but the implications of the present dispute must surely suffice to change their minds.

Derek Bloom.
*33, Old Bond Street, W1.*

## Industrial revival

*From the Chairman, Tyne and Wear Planning and Transportation Committee*

Sir,—Your Scottish correspondent (August 22) has given some recognition to the problems facing local authorities who seek to play an active role in economic development by providing sites and nursery factories. environmental and access improvement in order to bolster th e economy of the old industrial regions. In Tyne and Wear such a programme has been running since 1975; a local Act in 1976 obtained powers which were the model for the Inner Urban Areas Act which followed. Using this Act we declared the first statutory Industrial Improvement Area in Britain. Our hundredth small factory unit will be completed in the Autumn.

Such local programmes are now in danger of virtual collapse. The steady run down in government loan consents over several years in the so-called "locally-determined" sector has been damaging; the withdrawal of the Community Land Act has lost Tyne and Wear a million pounds a year in cash for land assembly and, vitally important in old industrial areas, site clearance and preparation.

Reclamation funds have been tightly cash-limited for several years. The extent to which local Councils can levy revenue contributions from the rates to make up these financial deficiencies is limited in good years. When rate bases are declining (the run down in manufacturing); penny rate products are falling (the latest Government cut in the resources element of the rat support grant); and th rate support grant is likely to be cut and bent towards less densely populated areas. the task is impossible.

Surely a government dedicated to the selective application of public resources and to competition could create special allocations within the Rate Support grant system to sustain local economic development programmes and against which local authorities could bid with proposals?

Such a provision would avoid the need to create lavishly funded new institutions like GEAR or hte urban development corporations the present government si said to be toying with.

(Councillor) Jim Cousins.
*37, Sanderson Road, Newcastle upon Tyne.*

## Disposable assets

*From Miss Isobel Cassidy*

Sir,—In regard to the present Government's avowed intention to dispose of many of the National Enterprise Board's assets to private interested parties it would be interesting to know who will be masterminding these important transactions which involved such large investments of public money in the first place.

The criteria for selection of the disposable assets, apart entirely from considerations of the suitability and desirability of the would-be purchasers, call for flair and industrial expertise which, alas, may be somewhat scarce in the field of complicated modern business. I feel, therefore, that the public would welcome some re-assurance that the best available commercial, industrial and diplomatic brains are co-operating in these vital economic activities, and that the disposals are not just haphazard "realisation sales" for the purpose of generating cash flow, undertaken as an interim measure mainly for transient political aims.

Isobel Cassidy,
*30, Chadston House, Halton Road, N.1*

## Sierra Leone's position as host

*From the Minister of Information and Broadcasting, Sierra Leone*

Sir,—In the issue of your esteemed Journal of August 13 you carried a comment on Sierra Leone's plan for the hosting of the 1980 O.A.U. Conference.

Headlining your comment—Big Spenders—your were very critical of the estimated expenditure for "dressing up" the country and the running of the projected O.A.U. CONFAB.

It is however important to realise that complexes for conferences are not unique to Third World Countries: structures such as Marlborough House in London for the Commonwealth, The European Parliament in Luxembourg and indeed the United Nations Centre in New York, are but a few which meet these essential needs in the developed world. Undoubtedly, these cost quite a lot in terms of the financial resources of their countries of location; but ultimately proved assets beyond their own confines. It is in the same vein that we in Sierra Leone hold a long-term view of our expenditures to host the next OAU Summit, in the hope that the structures now being built will serve future conferences in Sierra Leone, as indeed has been the case in Zambia, Tanzania and Kenya.

Now to some facts and figures that have eluded your seemingly knowledgeable critic. Whatever infrastructural projects are being undertaken in preparation for the 1980 O.A.U. Conference will not be dismantled at the end of the few day O.A.U. Conferencing. Instead, they are being undertaken within the gramework of the overall National Development Plan. These projects involve, as you have rightly indicated—roads, hotels and housing—all necessary infrastructure for viable economic development. Sierra Leone is now planning a Tourist Industry which, when in operation, will yield much needed foreign exchange earnings. This can only be successfully carried out if tourists can look forward to comfortable accommodation, good internal travelling conditions, as well as goodw resorts to relax in and enjoy themselves. Housing the world over, is a serious problem—more so, in developing countries. The villas being constructed for the Presidents, will after the Conference, form the nucleus of a National Housing Corporation to meet the dire needs of housing shortage in the country. Perhaps it is worth remembering that the British during the Colonial era constructed residential villages reserved for expatriate colonial civil servants. Some of the houses in these white expatriate residential areas, for example Hill Station—were of palatial luxury never to be enjoyed by their occupants at the end of their colonial tour of duty. In addition to such luxury bungalows were hospitals; clubs and recreation areas—all out of bounds to the indigenous habitants. To the Financial Times, such hindsight must seem morally right and normal of British discretion.

On the question of the award of the "biggest contracts" to "the tightly-knit group of Lebanese Traders" nothing could be further away from the truth. There is a significant input of Sierra Leonean participation in all major construction contracts awarded, through the services of locally managed Sierra Leonean Consultancy Firms—for example Turma Associates: Techsult and Walter Davies Engineering Limited. There is also, the important criterion of the possession of capital funds for the servicing of Soft loans required for project-financing.

Let me also add that the biggest firm engaged on road construction in Sierra Leone and which is even now finishing the Freetown section of the new road is a German Firm by the name of ABU. Also in this matter of contracts, you have yet to know that some of these people that you call Syrians are Sierra Deoneans on the mother side.

And now, a word about the extension of the International Airport and the construction of additional aprons. Since the Financial Times is not only a reputed British journal but, as wel, an elite newspaper, it is mst unfortunate that it failed to see the necessity for this from the safety and security points of view. The British Sovereign will not fly into the Airport of any country that is unsafe for landing of her aircraft. African Heads of State are no less important or indifferent in this regard. On reflection, when Her Majesty the Queen was to visit Sierra Leone in 1961, a special inland airfield was constructed and equipped for the landing of her special RAF Heron Jet Aircraft. Three other provincial airstrips wereconstructed in Bo in the Southern Province and Port Loko and Tonkolili in the Northern Province for the landing of smaller aircrafts in which Her Majesty and entourage travelled. Considerable sums of money werespent on these projects, including the construction of a palatial bungalow in Bo, Southern Province. After he Quene's visit, though three of the airstrips were never used again, yet much of the infrastructure inspired by her visit are still being put into good use by the Nation. There is no reason to doubt that the projects now labelled "O.A.U. Projects" wil serve the country well after 1980.

Sierra Leone has been a favourite "whipping boy" of British Press criticism. Why can't we be left alone? Or are there sinister motives beyond a mere expression of ill will?

Thaimu Bangura,
*New England, Freetown.*

## For want of an envelope

*From the Secretary, The Envelope Makers' and Manufacturing Stationers' Association*

Sir,—Mr. Leonard Griffiths is cross (August 29) and, on the face of it, rightly so by a 40 weks delivery promise for the envelopes he needs. Not for a battleship or a power station, as he point out, but just for a simple envelope.

But envelopes, Sir (or rather machines which make them), are not that simple. They too are complex and costly, hedged about by new safety legislation, two years in the pipeline before the maker delivers, and plagued by a national dearth of skilled engineers when they are installed.

It is not a lack of capital investment or plant which has created this problem, for that over the past few years has been more than adequate to meet anticipated needs into the early 80's, but a totally unforeseen and inexplicable increase in demand up 40 per cent in a single year.

Itis morethan probable that partof the backlog of orders is bogus and a reflection of double ordering or stock piling, and that underlines another dilemma of the envelope maker, a dilemma shared by most manufacturers whatever their trade. The line between profitable full capacity and expensively idle over capacity is fine and hard to establish far in advance. Would Mr. Griffiths—who, from his address, is a farmer—turn over another field to barley on the strength of an abnormally hot summer, or double his dairy herd because a passing pop song pushed milk sales through the roof?

The envelope makers of Britain are not complacent and are well awareof their responsibilities to the customer. They know the problems and are coping with them as swiftly and effectively as possible, installing new and more sophisticated plant, training new operators and mechanics, and seeking new ways to improve productivity. They are not making hay over prices as your correspondent suggests for there are too many eagle-eyed competitors to permit that.

As for "40 weeks to a year's delivery," these are extremes. The chances are that if Mr. Griffiths would make a slight concession to size, shape or quality ,he could have the envelopes he requires right away from his usual supplier.

Leonard Paglicro,
*44, St. Martin's Approach, Ruislip, Middx.*

# Today's Events

**GENERAL**

UK: Trades Union Congress annual conference continues. Blackpool.

Government White Paper published on proposals for easing central Government controls over local authorities.

British Association for the Advancement of Science conference continues, Heriot-Watt University, Edinburgh. London.

Overseas: Non-aligned nations conference continues, Havana.

Herr Helmut Schmidt, West German Chancellor, starts three-day visit to Hungary.

**OFFICIAL STATISTICS**

Retail sales (July—final). UK official reserves (August), London clearing banks' monthly statement (mid-August). Capital issues and redemptions (during August). UK banks' eligible liabilities, reserve assets, reserve ratios and special deposits (mid-August). Hire purchase and other instalment credit business (July).

**COMPANY RESULTS**

Final dividends: Centrovincial Estates. Christy Bros. Diploma. Interim dividends: BICC. Invergordon Distillers (Holdings). Provident Financial Group. Royal Worcester. John C. Small and Tidmas, Trade Indemnity Company. Interim figures: James Beattie. Gosworth Industrial.

**COMPANY MEETINGS**

Downs Surgical, Selfridge Hotel, Orchard Street, W. 12. Gt. Portland Estates, The Cafe Royal, 68 Regent Street, W. 12. Group Lotus, Lotus Cars, Hethel, Norwich, 12.15. Montague L. Meyer, Charing Cross Hotel, Strand, WC, 12. S. and U. Stores, 75 Harborne Road, Birmingham, 11.30. R. K. Watson, Alma Lodge Hotel, Buxton Road, Stockport, Cheshire, 12. Wheeler's Restaurants, 17 High Street, Kensington, 10.30. F. Wrighton, Brampton Works, Billet Road, E, 12.

# Linfood advances 46% to £7.6m

A RISE of £1.85m in second-half taxable profit enabled the enlarged Linfood Holdings, wholesale, cash and carry and retail distributor, to lift the total for hte year to April 28, by 46.5 per cent from £5.16m to £7.55m.

Trading surplus, including 49 weeks contribution from Wheatsheaf Distribution, climbed from £5.58m to £10.77m but there was a sharp jump in interest costs arising largely from the Wheatsheaf acquisiton in May 1978.

With the tax charge up at £1.56m (£980,000) stated earnings per 25p share on the expanded capital, are shown to have dipped 2.1p to 18p.

In October the company reported that the initial picture resulting from the merger had been less favourable than expected because Wheatsheaf's results were affected by the opening costs of a new hypermarket and Spanish subsidiary losses.

The directors now say that in the first three months of the current year margins have improved chiefly, as a result of greater operating efficiency. Also they are encouraged by the progress of the merger and confident of the group's ability to advance.

An extraordinary provision of £283,000 has been for losses arising out of the reorganisation of activities in Spain.

The net total dividend is marginally increased to 9.75p (9.39p) by a 6.76p final and costs £3.29m (£1.96m).

Sales for the year amounted to £832m, compared with £327m for the former group and net tangible assets at year end stood at 110.5p (88.7p) excluding a £??m surplus on revaluation of the majority of the groups properties.

| | 1979 £000 | 1978 £000 |
|---|---|---|
| Sales | 831,486 | 327,405 |
| Trading profit | 10,765 | 5,579 |
| Interest † | 3,212 | 424 |
| Pre-tax profit | 7,553 | 5,155 |
| Tax | 1,560 | 980 |
| Net profit | 5,993 | 4,175 |
| To minorities | 86 | — |
| Extraord. debit | 283 | — |
| Attributable | 5,624 | 4,175 |
| Dividends | 3,286 | 1,961 |
| Retained | 2,338 | 2,214 |

† Includes £1.11m (nil) on convertible unsecured loan stock and £2.11m (£0.42m) on bank and other borrowings.

See Lex

## Public and General unit issue

A new issue of units is announced by Property Unit Trust for Public and General Superannuation Schemes at a net subscription price of £1,630 per unit to yield some 4.4 per cent.

The group's portfolio is valued every month and properties purchased up to July 31, 1979, had an aggregate cost of £12.15m and an open market value of £20.53m. There were commitments for capital expenditure of £460,000.

Mr. Cecil Baker, chairman, believes that despite short to medium term economic problems, property investment is likely to continue to provide higher rates of return than alternative types of investment.

## Marshalls Halifax up so far

IN THE current year, profits of Marshalls (Halifax) were some 25 per cent up on the first four months of last year, Mr. D. R. Marshall, the chairman, told the annual meeting.

The increase, shown in management accounts to July 31, came from both the concrete and engineering division, although the chairman warned that strikes in the engineering industry were having some effect.

However, he added, that in general the order books for the engineering companies were reasonably healthy.

The chairman said the company would expand by whatever means seemed most appropriate, whether by internal growth or acquisition.

## Gripperrods leaps past £1m mark

FOR THE year to April 30, 1979 pre-tax profits of Gripperrods Holdings, manufacturer of carpet laying fittings, jumped by £0.48m to £1.11m on turnover £2.6m higher at £11.44m. At the interim stage profits were ahead from £356,221 to £465,132.

Tax for the 12 months took £432,216 against £221,295 leaving the net balance £367,774 better at £677,789.

Earnings per 10p share rose from 12.48p to 27.09p and the total gross dividend is stepped up from 4.64p to 7.5p with a final payment of 5.685p.

## HIGHLIGHTS

Burton Group is expanding in the womens' fashion trade through the purchase of the Dorothy Perkins chain from British Land. Lex looks at the impact on both parties. The major result of the day came from Linfood, where profit margins have risen substantially in the first half to April with the result that net profits for the year reached £7.6m against £3m for the first half. Elsewhere Lex comments on the balance sheet of Reardon Smith and dips into the annual "Pink Book." Comments are made on Bramall, Grimshawe and Pittard.

# C. D. Bramall over £1m—sees record

A 35.7 per cent rise in taxable profit continued progress at C. D. Bramall, motor vehicle dealer, in the first half of 1979, but external factors make it unlikely that the group will see a similar rate of growth in the second six months.

Even so the company is confident of a record performance following last year's advance from £1.12m to £1.41m.

Profit for the half year was up from £745,000 to £1.01m on sales £4.78m higher at £16.37m.

After tax of £83,000 (£16,000) and an extraordinary debit last time of £89,000, attributable profit came out at £928,000 against £640,000.

The net interim dividend is raised 15 per cent to 2.05p—a 2.7894p final was paid last time.

The half year results were achieved in spite of a very difficult first two months causde by the extreme weather conditions and the aftermath of a protracted strike by company's major supplier, the directors say.

Trading for the remainder of the current year is against a background made uncertain by high energy costs and unsettled industrial relations within the country.

The rate at which the company is taking orders for the Ford product range is, however, satisfactory. Also service, parts, contract hire and leasing activities continue to produce excellent results, and the group's present financial low-gearing and liquid position will enable it to minimise the effect of the present high interest rates, they add.

The changes in the last Budget, affecting capital allowancts on leased vehicles will adversely affect company's tax payable position. The Board anticipates that this year the company will be able to minimise this by the use of other reliefs and allowances available to it.

● comment

C. D. Bramall has benefited from buoyant trading conditions over the last six months; the group has turned in pre-tax earnings which are more than a third better than the first half of last year. Volume in both Ford sales and contract hiring/leasing (the latter accounts for a quarter of profits) is up, and turnover rose by 41 per cent over last year. The group's performance is better than expected, especially in the light of harsh weather, higher petrol costs and a strike by suppliers last winter which affected the company through February. Although the group will probably not performa as well during the second half, it should turn in a reasonable performance for the year. The interim dividend has been raised by 15 per cent over last year; the full year payout could yield 8.2 per cent on yesterday's share price of 94p with earnings wihch some analysts see rising to £1.75m. The fully taxed p/e might then be about 5.6.

## M. James well up at midyear

PROFITS BEFORE tax of Maurice James Industries, industrial investment company, were well ahead from £121,000 to £300,000 for the first half of 1979, on turnover some £1m lower at £4.46m.

Last year's profit includes £44,000 from George Doland, the men's wear retailing business sold in January to John Cheatle of Leicester, the privately owned men's wear company.

Stated earnings per 20p share increased from 0.4p to 1.1p.

Pending the outcome of the proposed re-organisation of the group's financial structure — reported July 2—the directors have deferred consideration of an interim dividend. In the last full year a 0.5p interim was paid on £409,000 taxable profit.

The mid-year result includes a share of £13,000 (£4,000) from associates. Tax charge was up from £63,000 to £156,000 and there were extraordinary credits last time of £25,000.

# Pittard up 64% at six months

ON TURNOVER up by a half from £7.92m to £11.92m at Pittard Group, leather tanner and dyer, the expected profit improvement was from £582,397 to £957,412 for the first six months of 1979—a rise of 64 per cent.

Mr. C. J. Pittard, chairman, says the second half has started with orders usefully ahead of last year, and that substantially higher profits are expected for this period.

*Profits for the whole of 1978* fell to £1.06m, against some £1.7m.

The halftime results are attributable to an increase in sales volume, a useful improvement at R. and A. Kohnstamm, and the firming of hide prices which created higher stock values.

*The chairman says that the* acquisition of plant and stock of Midland Leather, on March 2, also contributed to the increase, and that the integration of this company, with W. and H. Miers, is progressing well.

"Overseas sales increased to 38 per cent of the total but the strengthening pound in June was already reducing our profit margin and competitive edge," Mr. Pittard states.

| | Six months 1979 £ | 1978 £ | Year 1979 £ |
|---|---|---|---|
| Sales | 11,957,599 | 7,922,984 | 15,985,759 |
| Profit before tax | 957,412 | 582,397 | 1,064,445 |
| Tax | 291,758 | 77,798 | 142,194 |
| Profit after tax | 665,654 | 504,599 | 922,251 |
| Dividend | 100,753 | 91,594 | 221,862 |

He tells members that it is difficult to predict the order position to the end of the year, because of uncertainties in the economy and the present value of the pound.

Stated half-yearly earnings are 8.6p per 25p share compared with 6.7p, and th net interim dividend is 1.375p (1.2247p). Last year's final payment was 1.87075p.

● comment

First-half figures from Pittard are encouraging and the group is looking to the future with greater confidence than a year ago, but the 64 per cent profits rise does not wholly reflect the trading picture. The comparative period was exceptionally depressed and there is a useful first-time contribution from Midland Leather to boost the latest results. Most importantly, the srong rise in hide prices, which doubled between last July and this February, has greatly helped stock profits: on a current cost basis first-half pre-tax profits would have been £650,000. Yesterday's 3p rise in the share price to 44p was probably justified by the 31 per cent volume increase alone, and the strong order-book augurs well. The strength of sterling is an export headache—even though around 50 per cent of hides are bought overseas in dollars—but this should be offset by the buoyancy of demand and signs that protectionist pressures are dissipating. The dividend rise is modest but Pittard is understandably cautious given the cyclical nature of the tanning business. A 10 per cent increase in the final would produce a yield of 11.4 per cent. Record full-year profits of £2m seem possible, giving a *prospective fully-taxed* p/e of 3.5, which is undemanding.

## I. Hyman advances halfway

INCLUDING HIGHER associates' contribution of £56,397 against £352, taxable profits of I. and J. Hyman, rose from £805,267 to £916,270 for the first half of 1979. Turnover of this plastic foam converter and manufacturer advanced £1.8m to £9.4m.

A jump in profits from £677,000 to a record £1.55m was reported for 1978 and the directors said tha continued progress should be achieved during 1979.

Earnings per 5p share are shown as ahead from 1.71p to 2.1p and the interim dividend is effeitively raised to 0.4136p (0.375p) net. Also announced is an additional 0.0264p for 1978 on ACT reduction.

The directors say they will consider the final when the full year's resuls are known; the payment will reflect the trend in profitability, they add. Last year's final was 0.5898p.

Pre-tax figure for the six months was struck after depreciation £194,949 (£188,741) and interest £87,919 (£62,001) and was subject to tax of £476,460 against £427,528.

Minorities took £12,147 (£4,856). Last time there was an extraordinary credit of £132,090.

# British Enkalon loss doubles at halfway

A JUMP of £453,000 to £952,000 in interest costs caused a midyear reversal for British Enkalon, following the recovery seen i *the second six months of 1978.*

For the first half of 1979 the man-made fibre producer, which is 72 per cent by Akzo of Holland, reports a pre-tax deficit doubled from £265,000 to £531,000 and a "disappointing full time result is forecast.

Halftime sales were up £4.3m at £30.43m and there was a trading profit of £217,000 (£10,000 loss). For 1978 the pretax deficit amounted to £250,000 *with a £15,000 surplus coming* the second half.

The midterm loss was in part due to the industrial disputes at the beginning of the year: "but it does reveal that the manmade fibre industry is still suffering from a deep malaise," say the directors.

"The *underlying* reasons are the effect of the substantial increases in raw material costs and interest rates and the harmful impact of the very large imports of yarns and textile products from the U.S."

| | Half year 1979 £000 | 1978 £000 |
|---|---|---|
| Sales | 30,426 | 28,126 |
| Trading profit* | 217 | 110 |
| Share associates | 204 | 244 |
| Interest | 952 | 499 |
| Pre-tax loss | 531 | 265 |
| Tax | 296 | 234 |
| Net loss | 827 | 499 |
| To minorities | 114 | 115 |
| Attributable | 941 | 614 |

* After £1.37m (£1.34m) depreciation. † Loss.

With tax taking £296,000 (£234,000) and minorities £114,000 (£115,000) the attributable loss was higher at £941,000 against £614,000. Again no dividend is to be paid. The last *payment wos 0.25p for 1975 when* the group loss was close on £6m (£114,000 profit).

## Improvement by Scottish Eastern

Revenue of the Scottish Eastern Investment Trust advanced from £1,362,572 to £1,580,926 for the six months to July 31, 1979, after tax of £938,065 *against* £876,589. Gross income rose by £259,368 to £2,781,241.

Stated earnings per 25p share improved from 1.25p to 1.46p, while the interim dividend is effectively lifted to 1.15p (1p) with an additional 0.35p also to be paid. The directors intend to recommend a final of at least 1.4p (equivalent same).

### UNOCHROME

A disposal of Unochrome International's Dutch and Far Eastern interests has proceeded to such a point that the group will be able in the year to September 30, 1979, to write back not less than £75,000 of the provisions included in the extra*ordinary loss reported in the* preceeding year's accounts.

## DIVIDENDS ANNOUNCED

| | Current payment | Date of payment | Corre-sponding div. | Total for year | Total last year |
|---|---|---|---|---|---|
| C. D. Bramall ......int. | 2.05 | Nov. 12 | 1.78 | — | 4.57 |
| Claverhouse Inv. ¶int. | 2.25 | Sept. 28 | 1.5 | — | 4.4 |
| Eucalyptus Pulp 2nd int. | 2.75 | Oct 9 | 2.75 | — | 4.25 |
| Grimshawe .............. | 2 | — | nil | 2 | nil |
| Gripperrods ............ | 5.69‖ | Oct. 31 | 2.99 | 7.5 | 4.64 |
| I. and J. Hyman ...int. | 0.41 | Oct. 30 | 0.38 | — | 0.99‡ |
| Linfood ................ | 6.75 | Oct. 29 | 6.39 | 9.75 | 9.39 |
| Pittard ..........int. | 1.38 | Jan. 2 | 1.22 | — | 3.1 |
| Scott. Eastern ...§int. | 1.15 | Oct. 22 | 1* | — | 2.4* |

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Includes additional 0.0264p on ACT reduction. § Plus additional 0.35p. ¶ Includes 0.565p in respect of arreas from Shell and BP. ‖ Gross throughout.

# Grimshawe rises and returns to dividends

Further recovery was achieved by Grimshawe *Holdings in 1978*-1979 and the group returns to dividends after six years. Taxable profit for the year to April 30, was up from £28,520 to £169,530 and bank indebteness was cut by £1.2m to £61,000.

Turnover by the DIY specialist paints and chemical products concern was 50 per cent better at £4.5m with a large part of the increase relating to Aspex, acquired in September 1978.

Mr. Thomas Kenny, the chairman says: "Our growth will likely be in manufacturing, leisure and service sectors. We spend much time in looking at possible acquisitions. Provided the purchase is right funding of it should not present a problem."

After tax of £19,902 (£4,896) stated earnings per 20p share emerged *8.2p higher at 10.6p.* The net dividend is 2p costing £28,141 (nil).

There was an extraordinary net gain of £283,269 (£54,974) including £283,059 (£50,373) surplus from sale of subsidiaries and properties.

Mangers trade more profitably but Spon *showed no significant* advance despite increase sales. Acoustic Chemicals earned reasonable profit though adversely affected by the loss of the Iranian market, the chairman reports.

Aspex which sells metal parts for spectacle frames has developed its marketing into machinery for the dispensing opthalmic market. Goodwill relating to this company has been written off and at year end shareholders funds were up 120 per cent at £896,000.

| | 1978-79 £ | 1977-78 £ |
|---|---|---|
| Turnover | 4,498,912 | 3,021,247 |
| Trading profit | 208,126 | 29,202 |
| Rental income | 65,969 | 98,257 |
| Interest | 104,565 | 98,939 |
| Pre-tax profit | 169,530 | 28,520 |
| Tax | 19,902 | 4,896 |
| Net profit | 149,628 | 23,624 |
| Extraord. gain | 283,269 | 54,974 |
| Available | 132,897 | 78,598 |
| Dividend | 28,141 | — |
| Retained | 404,756 | 78,598 |

● comment

Faith in the rescuing management, confidence in the strength *of the shop property* market and, above all, Midland Bank's support, have combined to drive the Grimshawe Holdings share price to a peak of 82p, up 10p yesterday. That looks as far as it should go for the moment. The yield is 3.75 per cent and the historic fully taxed p/e is 13.8, all of which is discounitng a successful policy of growth by acquisition. The long search for financial security finally leaves Grimshawe with a *clean balance* sheet, an understanding that sizeable term loans are readily available and tax losses which should offset any mainstream liability over the next three years. So, the group has the means to build on the chrysallis of five rather disparate trading divisions and *establish itself as a mini-conglo*merate. DIY may provide the core of this loose agglomeration although Spon Industries, on return on capital grounds, may be dropped from the portfolio. But if, as seems likely, the price stabilises over the near term, three points are worth making. *Small, ambitious takeover*-orientated companies need time and a track record to establish stock market credibility. Also, Midland has 29 per cent of the equity after loan conversion last March which suggests that, when the bank is ready to sell, any institutional demand can be satisfied *for the foreseeable* future. Fnally, the three times covered ividend is rather more than a notional payment and, while there should be more to come next year, Grimshawe is not about to become an immediate income favourite.



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MINING NEWS

# Utah earnings still held in check

BY PAUL CHEESERIGHT

UTAH DEVELOPMENT'S hopes of a more buoyant year, following a check in its profits growth in 1978, have been dashed with the publication of half yearly figures which show a 14.3 per cent decline in profits from the first six months of last year.

The company is Australia's largest coal producer and is 89.2 per cent owned by Utah International, a wholly owned subsidiary of General Electric of the U.S. Australian participation in its operations is through the quoted Utah Mining Australia, which holds 10.8 per cent of Utah Development.

Net profits at Utah Development in the six months to June were A$71.15m (£35.6m) compared with A$83m in the first half of 1978. Earnings for the whole of 1978 were A$138.2m.

The downturn at Utah started in the second half of last year, whe na series of strikes disrupted shipments and the group was forced to come to terms with a new branch profits tax. This tax took A$7m in the first half this year out of a total tax bill of A$71.6m, slightly more than total net earnings. Tax payments in the comparable half parable half of 1978 were A$80m.

In addition Utah paid A$24.14m in coal export duty against A$25.7m. The level of payments lies behind the company's disappointment that the Government has retained the duty in its latest Budget at what it called "rates which discriminate unfavourably against existing open-cut operations and new open-cut operations commencing production before July 1, 1980.

"Utah opposes the retention of this levy and the selective manner in which it is to be applied within the coal mining industry."

The prospects for the rest of this year offer the group modest encouragament. Although first half shipments were down to 8.6m tonnes from 9.2m in the first six months of 1978, Utah noted that there had been a gradual improvement in the international steel industry and that the marketing outlook for coking coal had firmely slightly.

While Utah views that "short ter mposition with some caution," it remains poised for a resumption in profits growth when the international markets have recovered sufficiently for it to gain the benefits from past and planned expansion.

Some coking coal from the new Norwich Park mine, the fourth operation owned by Central Queensland Coal Associates in which Utah's stake is 76.2 per cent, is already available. At the end of last week development work at the mine resumed after a strike of five weeks.

Overburden removal started in the first half. The coal preparation plant should be finished within two months and a second dragline is expected to be available in about four weeks. Two further draglines will be commissioned early next year.

Shares in Utah Mining Australia, which last week declared an unchanged interim dividend of 8 cents (4p), closed unchanged in London yesterday at 220p.

# Good start for Hampton Areas

Forecasts that Hampton Areas is well on course for another good year were proved correct yesterday when the company's chairman, Mr. J. R. Ley revealed that nickel royalties from Australia's Western Mining for the first four months of the current financial year have more than trebled.

At the company's annual meeting held in London Mr. Ley said that royalties to the end of July totalled A$456,000 (£228,399) compared with A$142,000 in the same period last year.

Mr. Ley added that he expects this trend to continue and that royalties for the current year will be "very usefully greater than last year's £515,000."

On a more cautious note he said the market for nickel may lose some of its buoyancy since world production will no longer be less than consumption but the effects of the recent strike at INCO will probably continue to affect the market during 1979.

Mr. Ley said the company is confident of the long term outlook for the royalties, which are based upon sales value and which should reflect any cost inflation.

Regarding the company's other major source of income, Wultex, which was acquired in July, 1978, Mr. Ley expects Wultex to make a full year's contribution pro rata to that which was achieved in eight months, subject o the present national engineering dispute.

Mr. Ley said that the relaxation of Exchange Controls will enable the company to expand in Australia. The Northampton Lead Mines Joint Venture had been slower to come to development than was hoped but he anticipates it will become operational in 1980. Hampton Areas were ——p yesterday.

## TRADING STARTS IN SELTRUST

Shares in Seltrust Holdings made their debut in London yesterday but prices failed to maintain their highest levels as uncertainty spread through the Australian sector of the market.

The trading started after the listing of the shares in Melbourne overnight.

The emergence of Seltrust Holdings follows the reconstruction of the Australian interests of Selection Trust. Its shares replace those of both Selcast Exploration and Seltrust Mining Corporation, whose listings have been cancelled.

Trading in the Seltrust Holdings "A" shares started at 200p, which proved to be the day's high. In fairly active business, the price lost ground in line with the trend on a market which ran into some profit-taking. They were 185p at the close.

Trading in the rights for the proposed issue of "Z" shares started at 85p. The price climbed to 90p before subsiding to a close of 85p.

## ROUND-UP

Patino, the Netherlands-based group, with extensive North American interests, had first half net profits of $7.2m (£3.19m), sharply higher than the $1.7m earned in the same period of last year. Earnings per share were $2.40 against 41 cents.

* * *

Roman Corporation, the Toronto group which earns most of its profits from a 33.6 per cent interest in Denison Mines, had a first half net profit of C$7.8m (£2.97m), compared with just under C$7m in the 1978 first half.

# Reardon loans—more time sought

Despite the uncertain immediate future there is an air of confidence for the longer term at Reardon Smith Line, says Mr. C. R. Chatterton, the chairman.

As it is now structured the company is in a stronger position to face the future, but there must be an element of caution as to the prospects of how soon the industry can face up to future modernisation and replacement after a recession of such duration, with limited cash resources available, he says.

Although trading conditions, particularly in the bulk carrier and tanker sections, are better than they have been in the past four or five years, rates are far from those required to cover capital repayments and interest, Mr. Chatterton points out.

All the company's vessels traded throughout 1978-79 and are available to take advantage of an upturn in freight rates.

However the improvement towards the end of last year was barely reflected in the accounts, which show trading profits more than doubled from £1.1m to £2.21m with bulk carriers contributing £1.33m (£2.11m) and the loss on tankers cut to £0.24m (£2.48m).

Reardon's interest in drilling rigs, which produced £1.13m (£1.46m) profit for the year, ended with the sale of a semi-submersible rig "Sea Conquest."

With its partners in Celtic Bulk Carrier, the group has become involved in new trades particularly from the Continent and the Far East which, if successful, will be an important step towards greater stability in the future, the chairman reports.

Shipbuilding loans at March 31 amounted to £27m (£37m) and the company has applied to the Department of Trade for a further deferment of its loans repayments under the departments scheme for the UK shipping industry.

As reported August 25, the group finished the year to March 31, 1979, with per-tax loss cut t o£2m (£12.37m) including a gain of £0.81m (deficit £9.87m) on revaluation of vessels. The net dividend is again a nominal 0.1p.

At year end the net book value of vessels was down from £40m to £34m and cash and short term deposits were up at £3.46m (£2.11m).

Meeting, Cardiff, on September 26 at 3 pm.

See Lex

## BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims:—BICC, Invergordon Distillers, Provident Financial, Royal Worcester, John C- mall and Tidmas, Trade Indemnity.

Finals:—Bertam Consolidated Rubber, Cantrovincial Estates, Christy Brothers, Diploma.

FUTURE DATES

| | |
|---|---|
| Interims:— | |
| City and Comcl. Inv. Trust | Sept. 6 |
| Collins (Wm.) | Sept. 7 |
| Highcroft Investment Trust | Sept. 20 |
| Huntleigh | Sept. 10 |
| London and Holyrood Trust | Sept. 20 |
| London and Provincial Trust | Sept. 20 |
| Pearson Longman | Sept. 13 |
| Pearson (S.) | Sept. 13 |
| Reckitt and Colman | Sept. 11 |
| Rolls-Royce Motors | Sept. 18 |
| Shakespeare (J.) | Sept. 6 |
| Sharna Ware | Sept. 6 |
| Woodhead (H.) | Sept. 5 |
| Finals:— | |
| Celtic Haven | Sept. 7 |
| London Merchant Securities | Sept. 7 |
| Raybeck | Sept. 5 |

## LAMPA PAYMENT

Lampa Securities is to make on September 13 a seventh liquidation distribution of 7p per share.

This brings the distributions so far to 137p.



NOTICE OF REDEMPTION

of

## Fairchild Camera and Instrument International Finance N.V.

5¾% Convertible Subordinated Guaranteed Debentures Due 1991

Redemption Date: September 28, 1979

Conversion Right Expires: September 24, 1979

NOTICE IS HEREBY GIVEN to holders of the 5¾% Convertible Subordinated Guaranteed Debentures Due 1991 (the "Debentures") of Fairchild Camera and Instrument International Finance N.V. (the "Company") that pursuant to the provisions of the Indenture dated as of December 1, 1976 (the "Indenture") among the Company, Fairchild Camera and Instrument Corporation, Guarantor ("Guarantor") and Morgan Guaranty Trust Company of New York, Trustee, the Company has elected to redeem all of the outstanding Debentures on September 28, 1979 (the "Redemption Date") at a redemption price of 104.5% of the principal amount thereof, together with accrued interest from December 1, 1978 to the Redemption Date. Payment of the redemption price and accrued interest, which will aggregate $1,093.08 for each $1,000 principal amount of Debentures, will be made on presentation and surrender of the Debentures together with all coupons appertaining thereto maturing after the Redemption Date at the offices of the Paying and Conversion Agents set forth below.

The Debentures will no longer be outstanding after the date fixed for redemption. The redemption price will become due and payable upon each Debenture on the Redemption Date and interest thereon shall cease to accrue on and after the Redemption Date.

Holders of Debentures have as an alternative to redemption, the right to sell their Debentures through usual brokerage facilities or, on or before the close of business on September 24, 1979 to convert such Debentures into the Guarantor's Common Stock.

The Debentures may be converted into Common Stock of the Guarantor at the rate of 21.98 shares for each $1,000 principal amount of Debentures. In order to affect this conversion, a Debenture holder should complete and sign the CONVERSION NOTICE on the Debenture or surrender to the Paying and Conversion Agents a similar signed notice together with the Debentures to be converted. A holder who surrenders Debentures for conversion will receive a certificate for the full number of whole shares to which he is entitled. No fractional shares of Common Stock will be issued upon conversion of any Debentures, but in lieu thereof the Company will pay in United States dollars an amount equal to the market value of such fractional share computed on the basis of a price of $66 per share of the Guarantor's Common Stock. If more than one Debenture shall be delivered for conversion at one time by the same holder, the number of full shares which shall be issuable or deliverable upon conversion shall be computed on the basis of the aggregate principal amount of Debentures so delivered. The conversion will be deemed to have been effected immediately prior to the close of business on the date on which the Paying and Conversion Agents receive such Conversion Notice and the Debentures surrendered for conversion. Upon conversion of the Debentures no payment or adjustment will be made for interest accrued thereon from December 1, 1978. Debentures delivered for conversion must be accompanied by all interest coupons maturing on and after December 1, 1979.

On May 29, 1979, Schlumberger (California) Inc., an indirectly wholly owned subsidiary of Schlumberger Limited offered to purchase any and all shares of the Guarantor's Common Stock for $66. As a result of this offer, Schlumberger (California) Inc. acquired more than 90% of the outstanding shares of the Guarantor's Common Stock. In connection with the offer but prior to the commencement thereof Schlumberger Limited and the Guarantor entered into an agreement providing for a merger between the Guarantor and Schlumberger (California) Inc. pursuant to which each share of the Guarantor's Common Stock not owned at the effective date thereof by Schlumberger (California) Inc. would be converted into a right to receive $66 in cash. Schlumberger (California) Inc. has informed both the Company and Guarantor that it intends to proceed with the cash merger with the Guarantor on September 28, 1979 or as soon thereafter as is practicable. In such a cash merger each outstanding share of the Guarantor's Common Stock would be converted into the right to receive $66 cash per share. At such a price, the holder of a $1,000 principal amount of Debentures would receive upon conversion shares of the Guarantor's Common Stock and cash for the fractional interest having an aggregate value of $1,450.68. Based on the price to be paid in the pending cash merger, holders of Debentures upon conversion will receive Common Stock and cash in lieu of any fractional shares having a greater value than the cash which they would receive upon redemption.

Delivery of Debentures to the Paying and Conversion Agents after the close of business on September 24, 1979, regardless of the instructions and any notice, will result in the redemption of such Debentures at the redemption price of 104.5% of their principal amount together with accrued interest to September 28, 1979.

IMPORTANT FACTS ABOUT REDEMPTION

As described above, based on the price to be paid in the pending cash merger, the value of the Guarantor's stock into which the Debentures are convertible is significantly greater than the amount of cash which would be received upon surrendering the Debentures for redemption. All rights to convert the Debentures into the Guarantor's Common Stock expire at the close of business on September 24, 1979.

PAYING AND CONVERSION AGENTS

Morgan Guaranty Trust Company of New York
Corporate Trust Office
30 West Broadway
New York, New York 10015

Morgan Guaranty Trust Company of New York
33 Lombard Street
London EC3P 3BH, England

Kredietbank S.A. Luxembourgeoise
37, Rue Notre-Dame
Case Postale 1108
Luxembourg

Dresdner Bank Aktiengesellschaft
Gallusanlage 7-8
Postschliessfach 2601
D 6000 Frankfurt am Main 1
Germany

Bank of America National Trust and Savings Association
St. George's Building
Ice House Street
Hong Kong

Banque Nationale de Paris
75450 Paris Cedex 09
France

Swiss Bank Corporation
Paradeplatz 6
Postfach, CH-8022
Zurich
Switzerland

FAIRCHILD CAMERA AND INSTRUMENT INTERNATIONAL FINANCE N.V.

Dated: August 24, 1979

# Greece plans to double capacity

BY ROY HODSON

THE TASK of harmonising the Greek steel industry and its trading practices with the European Coal and Steel Community does not sound onerous or complicated. After all, Greece's home market needs are only about 600,000 tonnes a year.

But that figure falls far short of telling the whole story. It is clear that careful and probing negotiations will take place. The Greek companies already export as much steel as is sold on their home market. And they have the capacity to make twice as much steel as they do at the present time.

Also a number of capital investment projects to expand Greek steelmaking are either in the planning stages or are already being built. By the time Greece becomes the 10th member of the Common Market in January 1981 its iron and steel making capacity may well have risen to between 4m tonnes and 5m tonnes a year from about 2m tonnes now.

The prospect of so much being added to the already excessive European iron and steelmaking capacity is giving rise to concern.

The process of harmonising Greek steel with the Community began as soon as the acts of accession for Greece to become the tenth member of the Community were signed in Athens in May.

By the time Greece becomes a full member Greek steelmakers will know how much latitude


they will have during a five-year transitional period ending January 1986. Existing steel companies of the Nine will, meanwhile, have reached their own assessments of the likely impact of Greek iron and steel upon the Community.

A great deal of the groundwork has already been done under the direction of Mr. Giorgios Kontogeorgis, the chief Greek negotiator of Common Market entry. He says that the transitional period will be difficult for many areas of Greek industry, including iron and steel.

Asked why, he points to Greece's present system of substantial tariff protection for domestic industry. Steel prices are higher in the Greek home market than those prevailing in the Nine; they will have to be harmonised. The system of pricing that has been based upon local works will have to be simplified.

During the early years of Greek membership the main benefits for the country will be through the agricultural and social funds, in Mr. Kontogeorgis' view. He does not expect the Community regional and industrial aids entirely to offset the disruption that will be caused to Greek industry by membership of a wider market.

Mr. Kontogeorgis believes that his country's contribution to European steelmaking capacity will not interfere with the economic policies of the Community. In his view economic growth in Greece will ensure that his country will be able to keep its steel trading with the other Community nations in reasonable balance.

His hopes are clearly influenced to some extent by the prospects of Greece securing a car manufacturing plant early in the 1980s. Such a plant would be able to use a good deal of the extra steel which will be available from new investments now being made in Greek steelmaking.

A few years ago an attempt to establish car manufacturing in Greece ended in failure. But the country will be an obvious site for manufacturers to consider when it is inside the Community and, moreover, produces cold rolled steel sheet suitable for car bodies.

A new cold rolling mill for sheet is being built at Eleusis near Athens by Halyvourgiki. When it comes into production next year it will provide an annual capacity of about 400,000 tonnes. That will be a major increase in Greece's ability to make that high quality product.

Halyvourgiki has the only fully integrated steel plant in Greece at Eleusis. Built after the 1945 war by the Angelopoulos family, even then a rising force in Greek steelmaking, this plant began with electric arc furnaces to use local scrap but soon chose the classic route of iron ore and blast furnaces. Today the works has two blast furnaces, oxygen steel-making, and a new electric arc steelmaking shop. When the new cold reducing mill is in production the works will have a capacity of about 1.5m tonnes a year.

Mr. Panayotis Angelopoulos, managing director of Halyvourgiki, is confident of the future for Greek steelmaking. Among the advantages the industry possesses, he says, are cost levels either comparable with or below other Community steelmakers, good deep-water port facilities, modern works, and excellent labour relations with a 100 per cent Greek work-force.

Mr. Angelopoulos makes a strong point when he mentions good port facilities. His company imports iron ore from North Africa and elsewhere. The ships dock at his works in the Bay of Salamis and the ore is then carried by conveyor belts directly to the tops of the two blast furnaces. It is one of the most straightforward systems to be found anywhere in world bulk steelmaking.

Halyvourgiki exports widely, including business with Japan and the U.S. The company also provides technical and commercial advice to run the new Alphasteel electric arc steelmaking plant and rolling mill at Newport, South Wales.

The large number of steelmaking developments being put forward in Greece at the moment suggests that companies are anxious to increase their capacity before being constrained by Common Market rules.

## New products

*In addition to* the Halyvourgiki cold rolling mill three other new products are being discussed. A projected electric steelmaking works with 250,000 tonnes annual capacity near Salonica would make bars, rods, sections, and stainless steel. In the Peloponnese there are plans for a mini-mill to make bars and sections at the port of Patras.

In northern Greece the Hellenic Steel operation owned by a consortium of Greek, Japanese, Italian, and French interests is importing hot-rolled coil and is re-rolling it into flat products. That works may be extended to raise capacity from 400,000 tonnes a year to 750,000 tonnes.

There used to be fears in western Europe that Japanese interests would dominate the Hellenic rolling mills and would use them as a back-door into the Common Market for steel originating in Japan. But that does not appear likely to happen.

The second stage of Viscount Etienne Davignon's scheme as European Industrial Commissioner to restructure the European steel industry will involve the closure of a great deal of old and inefficient steelmaking plant in northern Europe together with some in Italy. The European steelmakers' joint discussion body, Eurofer, is currently assembling its own restructuring proposals.

Thus the steel industry of the Nine will be entering a period of radical contraction at precisely the moment when Greece joins the club bringing with it up to 5m tonnes of modern and efficient steelmaking equipment.

The impact will be heightened by the timing. Had Greece joined five years ago when the European steel industry was over-blown and the Greek industry was tiny its arrival would have been hardly noticed.

But 4m to 5m tonnes of new steelmaking capacity arriving on the Community's doorstep in 1981 will be big enough to worry the existing steelmakers of the Nine.



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# Some scope at Laurence Scott

UNLESS ITS problems at Norwich can be overcome, Laurence Scott, manufacturer of rotating electrical machines and associated control equipment, will not be in a position to maximise the opportunities created by the world energy crisis, Mr. P. M. Tapscott, the chairman, warns in his annual statement.

Members are told that some justifiable optimism for the group's future should be drawn from the world energy crisis. Mr. Tapscott explains that its main products transform energy into useable power and that its equipment is to be found everywhere that energy is sought or used.

As already known, heavy trading losses at the group's Norwich factories — employing over half its labour force — reduced trading surplus by some £2.5m to only £522,000 for the year ended March 31, 1979. At the pre-tax level, there was a £1.35m loss against a £2.4m profit, while turnover was 10.5 per cent higher at £37m which was well below what was planned.

Because of this trading result and current losses arising from the continuing failure to achieve scheduled output at the two Norwich works, no final dividend has been recommended. This leaves the 2p net interim to compare with the previous year's 5p total.

Mr. Tapscott says the main priority is to overcome swiftly and finally the serious domestic problems encountered in Norwich. A major reorganisation has already been carried out with the objective of strengthening senior management in all areas of group activities. The group is working with outside consultants in an effort to increase productivity.

The chairman says the Board will continue to pursue these problems vigorously and relentlessly.

He reports that excessive rates are adding heavily to costs and to the problems of achieving a recovery in profits. Internal forecasts indicate that the group is likely to be relying on bankers' finance for a part of increased working capital for the next two years, before cash generated starts to overtake outlay at a useful rate.

At the year end, bank overdrafts stood at £2.59m (nil) and total borrowings were up from £2.77m to £6.36m.

Currently group factories are as well loaded as can be expected in a continuing competitive situation. Increased activity in some of its traditional markets will produce a number of worthwhile orders for delivery in the next 12 to 18 months, he adds.

In the longer term, the group already has orders for Drax B coal-fired power station and the Board has every confidence that worthwhile business will be received from the new A.G.R. nuclear power stations, although the benefit in profit will not be felt until 1982-83. Mr. Tapscott says increased activity in the North Sea oil industry will also increase profitable opportunities.

Meeting, Norwich, September 27, noon.

## First half downturn at Miller Rayner

Although sales were slightly higher at £2.29m, compared with £2.18m, pre-tax profits of Miller Rayner and Haysom, industrial clothing maker, fell from £205,074 to £133,858 for the half year to April 30, 1979.

The directors state that profitability in the first half will be at least maintained in the second six months.

In the last annual report, when reporting on record £407,343 (£325,397) profits for the year ended October 31, 1978, the directors warned that 1979 was proving a more difficult year. Although the figure was not expected to reach last year's level, they anticipated a reasonable result.

Half-yearly earnings per 25p share declined from 7.51p to 3.25p. Tax took £69,606 (£64,018) and there were minorities of £22,787 (£46,259).

Profit was struck after an extraordinary loss of £26,271 arising from premises vacated by a subsidiary. The directors say these premises have now been let at a satisfactory profit rental.

The ultimate holding company is Practical Uniform Company with a 61.2 per cent equity holding. The associate, H. Sedgwick holds a further 38.1 per cent.

## FOREIGN AND COLONIAL TRUST

Foreign and Colonial Investment Trust has repaid a loan of $10m from Morgan Guaranty Trust of New York on its maturity date, August 13.

Two new loans of $5m, both fixed to November 13, 1979, have been arranged.



### BIDS AND DEALS

# Weeks petroleum deal opposed

Weeks Petroleum could face opposition over its proposed share swop arrangements with Alliance Oil Development.

Weeks, a Bermuda-based oil exploration group which gained a Stock Exchange listing in July, is proposing to take a 30 per cent stake in Alliance in return for 2.07 per cent of Weeks and a technical sharing agreement. Weeks already has 12 per cent of Alliance.

Yesterday Cultus Pacific, an Australian exploration group, disclosed that it had built up a 17.34 per cent stake in Alliance through share purchases since April.

Cultus is completely opposed to the Weeks deal which it claims "does not offer Alliance's shareholders anything." The Australian group, which was also seeking technical co-operation and closer ties with Alliance, is meeting the Alliance Board today.

Alliance shareholders have to approve the Weeks' proposal because it involves the issue of shares and Weeks would be unlikely to be able to vote its own holding in favour because of the tie up with a stake in Weeks itself.

The link with Alliance is also of interest to shareholders of National Carbonising who are being called upon to approve a near £4m purchase of 5.7 per cent of Weeks, together with a 12-month pooling agreement with certain other shareholders aimed at providing a voting block of 25 per cent of Weeks.

## P.O. PENSIONS IN U.S. SHOP CENTRE JOINT PURCHASE

The Post Office Pension Fund has, in partnership with International Income Property of the U.S., purchased the Park City Shopping Centre in Lancaster, Pennsylvania.

To acquire the mall, which has an area of 1.5m sq ft, International Income and the Post Office fund formed a trust in which each has a 50 per cent equity interest. The complex was acquired subject to a $16.5m mortgage note.

International Income said the total cost of its share in the acquisition is $7.95m and non-recourse notes of $4.45m and $250,000 due in 1980 and 1981.

A two-year renovation programme and additions to the existing mall will begin shortly. International Income was set up to invest in U.S. property and is sponsored by Land Lease, the Australian property group.

Mr. Ralph Quartano, chief executive of the Post Office Superannuation Fund, said the deal represented part of its normal U.S. investment programme.

## BARTON AND SONS ACQUIRES PRA

Barton and Sons has acquired P.R.A. Company (Commercial Vehicle Accessories) for £800,000 in cash with deferred consideration, up to 40 per cent of which may be taken in shares, based on the results of the three years ending December 31, 1979, 1980 and 1981. The deferred consideration is equal to the excess of the pre-tax profits in each of those years over £260,000.

The company markets directly to commercial vehicle operators and repairers a wide range of accessories and consumables, operating on a national basis from premises in New Cross, London.

In 1978, P.R.A. made a profit before tax of £262,000 and the balance sheet at that date showed net assets of £322,000.

## HOLD UP IN RIT/RELIANCE ACCEPTANCES

The closing date of the approved partial offer by Reliance Group of the U.S. to acquire up to 5,401,709 fully-paid ordinary shares of Rothschild Investment Trust has been extended by four days.

The extension has been given because there has been a delay in a number of cases in the posting of the document, caused by industrial action at the printers.

Acceptances should now be received not later than 3 p.m. on September 29, or such later date as Reliance may decide in accordance with the terms of the offer.

Reliance has received acceptances in respect of 1,044 ordinary shares of RIT.

## MARLEY PAYS £1.5M FOR PHETCO

Marley has acquired Phetco (England) Southampton for £1.5m.

Phetco manufactures and sells the Multikwik range of flexible pan connectors which will complement the wide range of plumbing products already marketed by Marley Extrusions.

## NEW CONSULTANCY COMPANY

The Taylor Nelson Group and Kenneth Irons Associates have formed a jointly-owned company, Taylor Nelson Irons, to operate exclusively in the financial field for consultancy, research and development.

Taylor Nelson Irons will take over all the financial research activities of the Taylor Nelson Group and the management and marketing consultancy and training work of Kenneth Irons Associates.

## STANLEY GIBBONS

Stanley Gibbons International, a wholly owned subsidiary of Letraset, has acquired Frimarkshuset AB, Scandinavia's leading stamp company.

The purchase price is dependent on an audit of the assets and liabilities of the company at August 31, 1979, but will not exceed £387,500, it is stated.

## LINDUSTRIES

Shareholders of Hanson Trust have approved the bid for Lindustries, at an EGM.

Cazenove and Co. have purchased 25,000 Lindustries at 135½p on behalf of an associate of Lindustries.

## SHARE STAKES

Raine Engineering—Con-mech. engineers now holds 1.82m ordinary (10.03 per cent).

Charles Clifford Industries—Jove Investment Trust has acquired a further 7,500 Odrdinary shares increasing its holding to 97,500 (7.31 per cent).

Brenthall Beard (Holdings)—Mr. E. B. Beard, director, has disposed of 17,500 shares.

# SEET makes satisfactory start in first quarter

MANAGEMENT ACCOUNTS for the first quarter of the current year show satisfactory results at Scottish English and European Textiles, Mr. J. H. M. Mackenzie, chairman, tells members in his annual statement.

For the year to April 30, 1979, as reported on August 17, pre-tax profits showed a marginal advance from £1.29m to £1.3m, after a fall from £728,000 to £689,000 in the second half.

Mr. Mackenzie reports that Kenneth Mackenzie Holdings once again attained record results and increasing exports. This subsidiary is the group's largest producer of Harris Tweed and an advertising campaign is due to be launched in the UK this autumn by the Harris Tweed Association in order to stimulate the home market. Efforts to improve overseas market penetration are continuing and new plant will increase both output and efficiency.

During the year Peter MacArthur and Co. was affected by a slight downturn in business, but is now back to 24-hour working and prospects for the current year look encouraging. Plans are under consideration for further improvements within the mill.

The group's Yorkshire-based subsidiary, J. Blackburn and Co., produced reasonable results for the year despite continued competition from imported cloth. Newly installed machines have broadened manufacturing capabilities and, in order to widen the company's market, development of new cloths is now being undertaken.

A statement of source and application of funds shows an increase in working capital of £679,000 (£1.1m). The AGM of the company will be held in Edinburgh on September 27 at 12.30 pm.

## IN BRIEF

WALTER ALEXANDER (coach building, etc.)—Results for year to March 31, 1979, and prospects, reported July 20. Group fixed assets £6.74m (£5.78m). Net current assets £5.6m (£2.9m). Net liquid funds increased £1.33m (£0.34m). Meeting, St. Andrews, Fife, September 21, at noon.

DAVID S. SMITH (HOLDINGS) (photolitho printed packaging material)—Results for year ended April 30, 1979, reported August 10 in preliminary statement with prospects. Group fixed assets £487,949 (£396,478). Current assets £2.16m (£4.55m). Current liabilities £1.52m (£1.38m). Meeting, Kingsley Hotel, Bloomsbury Way, W.C., September 21, at noon.

MEDIUM TERM FINANCE

# East German state bank seeks $200m trade loan

BY OUR EUROMARKETS STAFF

EAST GERMANY'S foreign trade bank, Deutsche Aussenhandelsbank, is seeking up to $200m through an eight-year syndicated loan managed by Credit Lyonnais in Paris.

The loan will carry a margin of ⅞ per cent over interbank rates for the first four years, and ⅞ per cent for the remaining *four years. The commitment* fee is ½ per cent.

The East German state bank, which taps the Eurocurrency market fairly regularly, will use the proceeds of the loan for general foreign trade financing, according to bankers.

Elsewhere, a group of banks led by Citicorp International Group and a Danish banking consortium headed by Privatbank A/S, has arranged a $600m Eurocurrency loan for the Kingdom of Denmark. The loan was raised from an orginally planned $500m. The ten-year facility carries a spread of ⅞ per cent over interbank rates, and will be used to meet general financing requirements of the Danish state.

Commerzbank *International* has signed a DM 100m loan for the Polish state bank, Bank Handlowy Warszawie.

The four-year credit, carrying a margin of 1 per cent over interbank rates, involves Bayerische Hypo Bank, Banque Internationale Luxembourg, Credit Lyonnais, Banque Generale du Luxembourg and Kredietbank SA Luxembourgoise. The proceeds will be used mainly to finance *German exports to Poland.*

A Dominican Republic borrower, Consejo Estatar de Azucar, plans a 10-year $90m loan, co-financed by the World Bank and commercial banks led by Credit Agricole.

The commercial loan, carrying a state guarantee, is expected to carry a spread of 1½ per cent over interbank rates for the first three years, 1⅝ per cent for the next five years and 1⅞ per cent for the last two years.

Meanwhile, Credit Agricole is reported to be negotiating a FFr 125m loan for Senegal, but no details are yet available.

EUROBONDS

# Demand for New Zealand issue

BY OUR EUROMARKETS STAFF

THE DM 200m foreign bond for New Zealand, the first public bond denominated in D-Marks since early August, was yesterday said to be going well. The *bond offers a coupon of 7¼ per* cent for eight years and is expected to be priced at a little below par, according to the lead *manager Commerzbank.*

In the secondary market prices of D-Mark bonds were unchanged yesterday in lethar*gic trading.*

In the Dutch guilder sector, Amsterdam Rotterdam Bank announced a FL 75m private placement in the euroguilder market for Philips, the electronics and electrical group. It will carry a coupon of 8½ per cent for five years and will be *placed at par.*

Meanwhile, in the Swiss franc sector, the floating rate note for Bank Handlowy was raised in *size from SwFr 30m to* SwFr 42.5m because of the good reception afforded the bond, the first floated by an Eastern bloc *country on the Swiss capital* market.

Trading in the dollar bond market was particularly slack yesterday because of the Labour Day holiday in the U.S. Prices were unchanged, with the tendency being, if anything, a little firmer. A small $20m floating rate note for Societe Centrale de Banque, a subsidiary of Societe Generale of France, has been substantially oversubscribed but there are not understood to be any plans at the moment to increase the size of the issue.

The Kuwaiti dinar bond for Caisse Centrale de Cooperation Economique, a 15-year bond with a coupon of 8 per cent, has been priced at par.

NORTH AMERICAN NEWS

# Perkin-Elmer earnings increase

BY OUR FINANCIAL STAFF

PERKIN-ELMER, the optics, precision instruments and small business computer group, has reported a 24 per cent jump in fourth quarter net profits to U.S.$15.5m.

The result takes total profit *for the year to $50.3m which is* well ahead of the $34.7m earned in 1977/78. Net sales in the fourth quarter were valued at $214.6m *against* $178m the previous year. For the year as a whole sales were 26.2 per cent up at $733m.

The fourth quarter figures tend to reflect the slowdown in U.S. economic growth. At the three-quarter mark, sales were 29 per cent ahead, year on year and net income was up by 45.6 per cent on the same basis.

But the company reported that orders taken during the first nine months were valued at *$641m—more than* a third better than the figure at the same stage of 1977/78. At April 30, 1979 the backlog of unfilled orders was $378m compared with $258m at the end of July, 1978.

*Based on the rate of new* orders growth, Wall Street analysts anticipate that sales in the current year will show a *substantial increase on the* figure for 1978/79. But profits may not increas at the same rate, due to tighter margins in *the data systems group and the* continued emphasis, within the optical group, on lower margined government sales.

# Veba may bid for Belridge Oil

*By Guy Hawtin in Frankfurt and Stewart Fleming in New York*

VEBA, the West German energy concern, is considering bidding for Belridge Oil Corporation which owns substantial drilling rights in the Kern River area near Los Angeles. If it goes ahead, it will be making what will almost certainly be the largest foreign bid ever for a United States company.

Veba said yesterday that the group had been invited to submit its bid for Belridge "many weeks ago." Its bid would have to be submitted during the second half of next month.

No final decision as to whether Veba would make the bid had yet been reached. A team was still studying the feasibility of making an offer for Belridge, whose offshore concessions are composed of the heavy oil for which West Germany has considerable refining capacity.

*Veba has refused to estimate* the size of its likely bid. However, reliable estimates indicate that it could reach DM 3bn ($1.5bn).

If a bid is made it will be through Veba's oil subsidiary, Deminex.

Analysts here believe that Veba is virtually certain to bid for Belridge as it is anxious to build up its upstream interests. They also feel certain that if Veba decides to go ahead its bid will be highly competitive as the West Germans have been seeking to increase their oil supplies from more politically stable areas and have also shown themselves to be willing to pay relatively high prices for spot market crude

The possibility that some energy companits may enter the bidding for Belridge adds a *new dimension to what* promises to be a hotly contested and protracted battle for control of the oil concern. Alreday two major U.S. oil companies, Mobil Oil and Texaco, have filed suits in Los Angeles seeking to block the sale of Belridge.

Mobil and Texaco together control same 35 per cent of Belridge stock and are fighting to prevent ownership of the company passing from its present largely private, hands to a rival concern.

# Oil activities lift Norsk Hydro

BY FAY GJESTER IN OSLO

NORSK HYDRO, Norway's largest industrial concern, reports big increases in turnover and profits for the year ending June 30. As in 1977-78, most of the improvement is attributable to the group's oil activities, but price rises for some of its *non-oil products* were also a factor.

Preliminary figures show turnover at over NKr 9bn ($1.8bn), compared with NKr 6.8bn in 1977-78. Profit before tax and allocations is estimated at about NKr 340m, some NKr 100m more than a year earlier. Group operating profit rose to over NKr 1.1bn, from NKr 699m in 1977-78, after a charge for ordinary depreciation of NKr 1.1bn, compared with NKr 508m the year before. An unchanged 12 per cent dividend is proposed.

Mr. Odd Narud, *Norsk* Hydro's president, said that the increase in turnover was due largely to higher production from the Ekofisk and Frigg fields in the North Sea, and to the start of regular operations at the Rafnes petrochemical plants. Hydro has stakes in both fields, and is a partner in the Rafnes complex.

The considerable improvement in the year's profit, compared with expectations at the beginning of the financial year, was also due to price rises for several of the group's most important products, Mr. Narud added.

Norsk Hydro said yesterday that the final account would be dealt with at a board meeting on September 21 and *at a meeting of the Corporate Assembly* on October 2. The annual general meeting will be held in *Oslo on October 26.*

# Profits setback for Ogem

BY OUR FINANCIAL STAFF

CONSOLIDATED net profit at Ogem Holding, the Dutch based international trading and construction company, fell back in the first half despite a substantial increase in sales. At Fl 11.3m ($5.6m) profits were 16.2 per cent down, with share profits at Fl 1.86 against Fl 2.39 on capital increased by around 7.6 per cent to 6.05m shares. Sales jumped 65 per cent to Fl 2.87bn.

Ogem expects net profit this year to be between Fl 25m-Fl 30m, lower than the Fl 32.8m earned in 1978.

In May Ogem said net 1979 profit should be about unchanged from 1978.

Ogen's first half results of its trading activities were lower due to bad weather at the start of the year, but a recovery in line with expectations in the second quarter should continue during the rest of the year, strengthening the position of these activities.

Construction and technical operations were also affected by the weather, but here again second quarter results were up to expectations.

# Varta expects satisfactory result

BAD HOMBURG — Varta AG, the West German battery and electrical supply manufacturer, expects satisfactory results in 1979, despite higher raw materials and production costs.

In a short report on the first half year 1979, the company said worldwide turnover totalled DM 619m ($338.8m), up 11 per cent from the year-earlier period.

Exports totalled DM 121m, and were up 10 per cent from the first half of 1978, Varta added.

The battery maker disclosed that the strongest sales growth was recorded by the industrial batteries sector, where worldwide sales rose 20 per cent in the first half to DM 151m.

Varta went on to say that it expected the higher level of sales and other measures taken to make up for rising raw materials oil and energy-related costs.

In 1978 net profits at Varta were DM 21.9m.
AP-DJ

# Growth slows at Royal Bank of Canada

*By Our Financial Staff*

EARNINGS GROWTH at Royal Bank of Canada slowed in the third quarter ended July 31. Profits after tax amounted to C$56m against C$53.9m for the corresponding period of 1978, with per share earnings registering a 4 per cent gain, up from C$1.47 to C$1.53. Revenues for the period increased from a corresponding C$870.5m to C$1.28bn.

At the nine-month stage, however, profits after tax were C$186.6bn compared with C$157.9m previously, with per share earnings 18 per cent higher at C$5.10, against $4.31 for the 1978 period. Revenue advance *from* C$2.42bn to C$3.56bn.

Assets at July 31 last stood at C$49.67bn, compared with C$38.81bn a year earlier.

# BankAmerica sees advance

SAN FRANCISCO — BankAmerica Corporation expects earnings *in the next two* quarters to exceed those for the comparable periods last year, but the percentage gains in both periods will not be as high as they were during the first two quarters of this year.

Earnings for the full year will show a "very creditable advance" over the record reported in 1978, Mr. A. W. Clausen, president and chief executive, said in the bank *holding company's* secoud-quarter report to shareholders.

In 1978, BankAmerica had operating income of $514.2m, *or $3.53 a share.*

Income in the first half of this year was $279.1m, or $1.91 a share, up from $220.8m, or $1.151 a share, in the first half last year.
AP-DJ

# Downturn for Chessie

CLEVELAND—Chessie System, formed in 1973 as the parent of Chesapeake and Ohio Railway Company, states that declines in certain parts of the U.S. economy will affect third quarter results, especially in comparison with last year's record third period when the company earned $45m or $2.30 a share.

"The economic slowdown that *started late in the first half con*tinues to effect Chessie and all the nation's railroads," Mr. H. T. Watkins Jr., chairman and *president, said.* "shipments of automotive products are down sharply but there is also a decline in merchandise traffic *across the board.*"
AP-DJ



# FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on September 3

| U.S. DOLLAR STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Alcoa of Australia 10 89 | 60 | 96½ | 97 | +0⅛ | +0⅜ | 10.53 |
| Alex Howden XW 9½ 91 | 30 | †79½ | 81½ | +0½ | +0½ | 12.78 |
| Australian Res. 9⅝ 84 | 30 | 96⅞ | 97⅜ | +0⅛ | −0⅛ | 10.46 |
| Avco O/S Cap. 10¼ 87 | 40 | 92⅜ | 92⅞ | −0⅛ | −1⅜ | 11.76 |
| Beneficial Fin. 9¼ 87 | 100 | 96 | 96½ | −0⅛ | −0⅛ | 10.46 |
| CECA 10⅜ 91 | 150 | 95½ | 96 | −0⅛ | −0⅛ | 11.41 |
| CECA 9¾ 99 | 125 | †92 | 92½ | 0 | −0⅛ | 10.98 |
| Canadian Pacific 9¾ 89 | 50 | 96¾ | 97¼ | +0⅛ | +1⅛ | 10.24 |
| *Carter Hawley 9¾ 86* | 50 | 94⅜ | 94⅞ | −0⅛ | −0⅛ | 10.89 |
| Comalco Inv. E. 10¾ 91 | 40 | 97½ | 98 | 0 | −0⅛ | 10.58 |
| Continental Grp. 9¾ 88 | 100 | 96¾ | 97¼ | +0¼ | +0⅛ | 10.24 |
| Dome Petroleum 10 94 | 50 | 93¾ | 94¼ | +0¼ | +0⅛ | 10.82 |
| Dominion Bridge 10½ 84 | 30 | 98⅜ | 98⅞ | 0 | −0⅛ | 10.68 |
| Dow Chem. O/S 9¾ 94 | 200 | 96⅞ | 97⅜ | +0¼ | +0⅛ | 9.99 |
| EIB 9½ 86 | 150 | 97⅞ | 98⅜ | 0 | −0⅛ | 10.28 |
| EIB 9⅞ 99 | 100 | 98⅞ | 99⅜ | +0⅛ | 0 | 10.26 |
| EIB 9⅞ 87 | 150 | 99¼ | 99¾ | +0⅛ | +0⅛ | 10.21 |
| EIB 10 99 | 150 | †99¼ | 99¾ | +0⅛ | 0 | 10.31 |
| Export Dv. Cpn. 9½ 84 | 100 | 96½ | 97 | 0 | +0½ | 10.15 |
| Export Dv. Cpn. 9¾ 84 | 150 | 98⅜ | 98⅞ | — | — | 9.67 |
| Finland 9½ 86 | 100 | 96⅜ | 96⅞ | 0 | +0⅛ | 10.21 |
| Finland 9⅝ 89 | 100 | 97⅜ | 97⅞ | +0⅛ | −0⅛ | 10.30 |
| GTE Finance 9½ 84 | 50 | 96⅛ | 96⅝ | +0⅛ | 0 | 10.52 |
| GTE Finance 9¾ 89 | 55 | 93½ | 94 | +0⅛ | −0⅛ | 10.80 |
| General Motors 9⅛ 86 | 100 | 95⅝ | 96⅛ | +0⅛ | −0⅛ | 10.10 |
| *Gould Int. Fin. 9¾ 85* | 50 | 96⅞ | 97⅜ | 0 | +0⅛ | 10.43 |
| Hoechst Fin. XW 6¾ 89 | 125 | †78⅜ | 78⅞ | 0 | 0 | 10.30 |
| Hudson Bay Co. 10 84 | 50 | 96⅞ | 97⅜ | +0⅛ | −0⅛ | 10.38 |
| ITT Antilles 9½ 89 | 75 | 93¾ | 94¼ | +0⅛ | −0⅛ | 10.50 |
| Kennecott Int. 9½ 86 | 100 | 92½ | 93 | 0 | −1 | 11.07 |
| Manitoba 9½ 89 | 75 | 95⅜ | 95⅞ | +0⅛ | −0⅛ | 10.22 |
| *Nat. Des Telecm. 9½ 86* | 100 | 96½ | 97 | −0⅛ | −0⅛ | 10.17 |
| New Brunswick 9¾ 94 | 75 | 93¾ | 94¼ | 0 | −1⅛ | 10.56 |
| Newfoundland 10 94 | 50 | 97¼ | 97¾ | 0 | −0½ | 10.32 |
| Norway 9¾ 84 | 150 | 99 | 99½ | 0 | −0⅛ | 10.21 |
| Norway 9½ 84 | 150 | 97⅜ | 97⅞ | 0 | 0 | 10.14 |
| Nova Scotia Pwr. 9¾ 89 | 50 | 95⅝ | 96⅛ | +0⅛ | 0 | 10.43 |
| Occidental Fin. 10¼ 84 | 50 | 97⅝ | 98⅛ | −0⅛ | −0⅛ | 10.82 |
| Orient Leasing 9½ 86 | 25 | 94¼ | 94¾ | 0 | −0⅛ | 10.66 |
| Pennwalt O/S F. 9¾ 84 | 25 | 97 | 97½ | 0 | −0⅛ | 10.49 |
| Pepsico Cap. 9⅜ 84 | 100 | 97½ | 98 | 0 | +0⅛ | 9.86 |
| Portland 10 84 | 50 | 96⅞ | 97⅜ | 0 | −0⅛ | 10.88 |
| Quebec Hydro 10 99 | 75 | 94 | 94½ | +0¼ | −0⅛ | 10.70 |
| Redland Fin. XW 9½ 91 | 25 | 88⅞ | 89⅜ | −0⅛ | −0½ | 11.23 |
| Sears Roebuck 9 82 | 150 | 96⅞ | 97⅜ | +0⅛ | +0⅛ | 10.33 |
| Statoil 9¾ 89 | 100 | 96⅛ | 96⅝ | 0 | 0 | 10.22 |
| Stockholm 9¾ 94 | 80 | 98⅛ | 98⅝ | 0 | −0⅛ | 10.21 |
| Sweden 9¾ 89 | 100 | 96⅝ | 97⅛ | +0⅛ | −0⅛ | 10.26 |
| Sweden 9½ 86 | 200 | 97½ | 98 | 0 | −0½ | 10.22 |
| Sweden 9¾ 84 | 100 | 97¾ | 98¼ | 0 | −0⅛ | 10.28 |
| Unilever NV 9¾ 87 | 100 | 95 | 95½ | +0⅛ | +0⅛ | 10.15 |
| Warner-Lambert 9 84 | 100 | 95¾ | 96¼ | −0⅛ | 0 | 10.07 |

| DEUTSCHE MARK STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Argentina 7½ 89 | 150 | 95 | 95½ | +0¼ | 0 | 8.22 |
| Asian Dev. Bk. 7¼ 89 | 100 | 98⅞ | 99⅜ | −0⅛ | +0⅛ | 7.41 |
| Banco Desarrollo 7¼ 86 | 100 | 94½ | 95 | 0 | +0⅛ | 8.31 |
| Barclays O'seas 6¾ 89 | 100 | 98¾ | 99¼ | 0 | +0⅛ | 6.87 |
| Brazil 7¾ 87 | 150 | 97⅜ | 97⅞ | +0½ | +0⅛ | 7.70 |
| Brazil 8 87 | 150 | 100⅜ | 100⅞ | −0⅛ | +0⅛ | 7.91 |
| CECA 7 91 | 150 | 98½ | 99¼ | 0 | +0⅛ | 7.14 |
| Council of Eur. 7¼ 89 | 100 | 98⅞ | 99⅜ | 0 | 0 | 7.35 |
| Denmark 5¾ 85 | 100 | 94⅜ | 94⅞ | −0⅛ | −0⅛ | 6.97 |
| Denmark 6½ 89 | 100 | 94½ | 94¾ | −0⅛ | −0⅛ | 7.30 |
| EIB 6½ 91 | 200 | 94¼ | 94¾ | 0 | +0⅛ | 7.22 |
| EIB 7½ 89 | 200 | 100¾ | 101¼ | 0 | +0⅛ | 7.35 |
| Eletrobras-Brazil 7 87 | 100 | 94⅜ | 94⅞ | +0⅛ | −0⅛ | 7.98 |
| Eurofima 6½ 89 | 100 | 98⅞ | 99⅜ | +0⅛ | +0½ | 6.60 |
| Finland 6 83 | 150 | 97⅜ | 98⅛ | 0 | −0½ | 6.62 |
| Mitsubishi Chem. 6½ 84 | 70 | 100 | 100½ | 0 | +0⅛ | 6.39 |
| New Zealand 6¾ 87 | 200 | 96⅜ | 97⅛ | −0½ | −0⅛ | 6.80 |
| Nippon Kokan 6½ 84 | 100 | 98⅜ | 99⅜ | 0 | +0⅛ | 6.75 |
| Nippon Tel. & T. 5½ 87 | 100 | 93¼ | 93¾ | 0 | 0 | 6.65 |
| Nordic Inv. Bk. 6¾ 86 | 60 | 96¼ | 97 | +0⅛ | +0½ | 6.92 |
| Norges Komm. 7¾ 91 | 150 | 103⅜ | 103⅞ | −0⅛ | +0⅛ | 7.28 |
| Norway 6¾ 84 | 200 | 100 | 100½ | 0 | +0⅛ | 6.14 |
| Occidental 6¾ 90 | 150 | 93⅞ | 94⅜ | 0 | +0⅛ | 7.54 |
| OKB 6½ 88 | 100 | 96⅞ | 97½ | −0⅛ | 0 | 6.98 |
| OKB 6 87 | 40 | 94 | 95 | 0 | +0⅛ | 6.97 |
| Tokyo Elec. Pwr. 6½ 85 | 200 | 98⅛ | 98⅝ | −0⅛ | −0⅛ | 6.82 |
| World Bank 6¾ 88 | 400 | 93¼ | 93¾ | 0 | +0⅛ | 7.25 |
| World Bank 7¾ 91 | 400 | 101¼ | 101¾ | −0¼ | +0⅛ | 7.56 |

| SWISS FRANC STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Argentina 5½ 89 | 80 | 101½ | 101¾ | +0¼ | +0¼ | 5.28 |
| Asian Dev. Bank 3½ 94 | 100 | 84½ | 85 | −0⅛ | −0⅛ | 4.99 |
| Aumar 5 89 | 80 | 101¾ | 101⅞ | +0⅛ | +0⅛ | 4.77 |
| Austria 3½ 93 | 100 | 90¼ | 90¾ | 0 | +0⅛ | 4.44 |
| *Australia 3¾ 89* | 250 | 95¼ | 95½ | −0⅛ | −0⅛ | 4.22 |
| Bergen, City of 4¾ 91 | 40 | 103¼ | 103½ | +0⅛ | 0 | 4.38 |
| BNDE 5 89 | 75 | 95¼ | 95½ | −0⅛ | −0⅛ | 5.62 |
| Brazil 4¼ 88 | 100 | 95 | 95½ | −0⅛ | +0⅛ | 4.90 |
| Caisse Nat. Tele. 4¾ 89 | 100 | 101¼ | 101½ | +0⅛ | +0⅛ | 4.20 |
| Canada 3¾ 89 | 300 | 96⅜ | 96½ | −0⅛ | 0 | 4.09 |
| Council of Eur. 4⅞ 90 | 100 | †101½ | 101¾ | +1⅛ | +1⅛ | 4.07 |
| EIB 4½ 91 | 100 | 101¼ | 101⅝ | 0 | 0 | 4.39 |
| EIB 4¾ 94 | 100 | 98¼ | 98½ | 0 | +0¼ | 4.53 |
| Elec. de France 4¾ 89 | 100 | 101⅞ | 102¼ | +0⅛ | +0½ | 4.12 |
| Heron 4¼ 89 | 35 | 95⅜ | 95⅞ | +0½ | +0¼ | 4.81 |
| ICI Fin. NV 3½ 94 | 230 | 89½ | 89¾ | −0½ | +0⅛ | 4.49 |
| Int.-Amer. Dev. 4½ 89 | 100 | 100 | 100¼ | 0 | −0⅛ | 4.48 |
| New Zealand 3½ 94 | 120 | 89½ | 89¾ | +0¼ | +0½ | 4.49 |
| Nordic Bank 5 89 | 45 | †103¾ | 104 | +0⅛ | 0 | 4.50 |
| OKB 3¾ 91 | 100 | 91½ | 91¾ | −0½ | +0¼ | 4.70 |
| Pfand Ost. Lande 4 90 | 60 | 94⅜ | 94⅞ | −0⅛ | −0⅛ | 4.63 |
| *Philippines 4¾ 89* | 50 | 97½ | 97¾ | +0¼ | 0 | 5.07 |
| Shikoku El. Pwr. 4¾ 89 | 100 | 102⅞ | 103¼ | +0¼ | +0⅛ | 4.37 |
| Spain 4 91 | 100 | 94 | 94¼ | 0 | +0⅛ | 4.67 |
| Steweag 4¾ 91 | 60 | 103⅛ | 103⅜ | +0⅛ | +0⅛ | 4.34 |
| Voest-Alpine 4¾ 89 | 90 | 103¼ | 104 | +0⅛ | +2¼ | 4.25 |
| World Bank 4⅝ 88 | 100 | 103½ | 103¾ | −0⅛ | −0⅛ | 4.17 |

| YEN STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Australia 5.6 83 | 30 | 94⅞ | 95⅜ | −0⅛ | −0⅛ | 7.17 |
| Australia 6½ 88 | 20 | 90⅜ | 91⅛ | +0⅛ | 0 | 8.02 |
| EIB 7⅜ 89 | 12 | 98⅜ | 98⅞ | +0⅛ | +0⅛ | 7.95 |
| Finland 5.6 83 | 10 | 92¾ | 93¼ | 0 | −0⅛ | 7.80 |
| Finland 6.8 88 | 10 | 90¾ | 91¼ | +0¼ | +0⅛ | 8.32 |

| OTHER STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Nordic I. Bk. 9 84 SDR | 20 | †97 | 97½ | 0 | +0⅛ | 9.76 |
| Avco Fin. 10¼ 86 C$ | 25 | 93⅛ | 93⅝ | +0⅛ | −0⅛ | 11.65 |
| Ex. Dev. Cpn. 10 84 C$ | 50 | 96⅝ | 97⅛ | 0 | −0⅛ | 10.86 |
| Fst. Can. Inv. 10 84 C$ | 50 | 95⅛ | 95⅝ | +0⅛ | −0⅛ | 11.29 |
| Hudson Bay 10½ 89 C$ | 60 | 97¼ | 97¾ | 0 | −0⅛ | 10.91 |
| Quebec 10½ 86 C$ | 50 | 95⅜ | 95⅞ | +0⅛ | −0⅛ | 11.22 |
| R. Bk. Canada 10 86 C$ | 40 | 96½ | 97 | +0⅛ | −1 | 10.68 |
| R. Bk. Canada 10 94 C$ | 40 | 91⅝ | 92⅛ | +0⅛ | −1½ | 11.11 |
| *Copenhagen 8¼ 91 EUA* | 25 | †97⅞ | 98⅜ | +0⅛ | +0⅛ | 8.48 |
| Komm. Inst. 7½ 93 EUA | 15 | †93½ | 94½ | −0⅛ | −0⅛ | 8.23 |
| SDR France 8½ 94 EUA | 24 | †99¼ | 100¼ | +0⅛ | +0⅛ | 8.52 |
| SOFTE 8¾ 89 EUA | 40 | †95 | 96 | +0¼ | +0⅛ | 8.95 |
| Algemene Bk. 8¼ 83 Fl | 75 | 92½ | 93 | −0⅛ | 0 | 8.60 |
| CFE Mexico 7¾ 83 Fl | 75 | 96⅞ | 97⅜ | 0 | +0⅛ | 8.68 |
| *EIB 7¾ 85 Fl* | 75 | 93 | 93½ | −0⅛ | 0 | 8.72 |
| Ned. Middbk. 8¼ 84 Fl | 75 | 100 | 100½ | 0 | 0 | 8.16 |
| New Zealand 6¾ 84 Fl | 75 | 92⅞ | 93⅜ | −0⅛ | −0⅛ | 8.54 |
| Norway 8¼ 84 Fl | 100 | 99⅝ | 100⅛ | 0 | +0⅛ | 8.26 |
| Elf Aquitaine 9¾ 88 FFr | 150 | †89⅝ | 90⅛ | 0 | −0⅛ | 11.59 |
| Euratom 9¾ 87 FFr | 150 | 90⅝ | 91⅛ | +0⅛ | −0⅛ | 11.52 |
| Norway 9¾ 84 FFr | 200 | 92⅞ | 93⅜ | +0⅛ | −0⅛ | 11.18 |
| PSA Peugeot 9¾ 87 FFr | 175 | 90⅞ | 91⅜ | 0 | −0⅛ | 11.63 |
| Renault 9¾ 85 FFr | 100 | 92⅞ | 93⅜ | +0⅛ | −0⅛ | 11.47 |
| Saint-Gobain 9¾ 86 FFr | 130 | 90½ | 91½ | 0 | −0⅛ | 11.74 |
| Solvay et Cie 9¾ 87 FFr | 125 | 90⅜ | 91⅜ | 0 | −0⅛ | 11.59 |
| *Total Oil 9⅞ 87 FFr* | 150 | 88½ | 89½ | 0 | −0⅛ | 11.62 |
| Citicorp 10 93 £ | 20 | 89½ | 90¼ | −0⅛ | −0⅛ | 11.49 |
| EIB 9¾ 88 £ | 25 | 90⅝ | 91⅝ | −0⅛ | −1⅛ | 11.47 |
| EIB 11½ 91 £ | 25 | 95⅞ | 96⅝ | −0½ | −1⅞ | 12.12 |
| Finance for Ind. 13 91 £ | 15 | 102⅛ | 102⅞ | −0½ | −0⅛ | 12.53 |
| Fin. for Ind. 12½ 89 £ | 30 | 100⅜ | 101¼ | −0⅛ | −0⅛ | 12.30 |
| Gen. Elec. Co. 12¼ 89 £ | 50 | 101 | 101½ | −0⅛ | −0⅛ | 12.24 |
| Indonesia 8¾ 91 KD | 7 | †97⅛ | 98 | 0 | −0⅛ | 9.06 |
| Mitsubishi 7½ 84 KD | 10 | †97 | 97½ | −0¼ | −0⅛ | 8.20 |
| Norges Kom. 7½ 89 KD | 12 | †96⅛ | 96⅞ | 0 | −0⅛ | 8.04 |
| Occidental 8¾ 91 KD | 7 | †95½ | 96 | 0 | −2⅛ | 8.84 |
| Euratom 8 87 LuxFr | 500 | †96⅛ | 97⅛ | +0⅛ | +0⅛ | 8.49 |
| Norges Kom. 8 86 LuxFr | 500 | †96⅛ | 97⅛ | +0⅛ | +0⅛ | 8.61 |
| Oslo, City of 8 89 LuxFr | 500 | †97⅛ | 98⅛ | 0 | 0 | 8.34 |
| Solvay Fin. 8 85 LuxFr | 500 | †96⅛ | 97⅛ | +0⅛ | +0⅛ | 8.58 |

| FLOATING RATE NOTES | Spread | Bid | Offer | C.dte | C.cpn | C.yld |
|---|---|---|---|---|---|---|
| BFG Fin. Co. 5½ 89 | 0¼ | 98 | 98½ | 11/1 | 11 | 11.20 |
| BNDE 6 89 | 0⅜ | 96½ | 96⅞ | 21/9 | 11⅞ | 11.54 |
| Banco di Roma Int. 6 87 | 0⅜ | 98⅜ | 98⅞ | 26/10 | 11.19 | 11.34 |
| Bco. Nac. Argent. 7 86 | 0⅜ | 97⅜ | 97⅞ | 22/9 | 11½ | 11.78 |
| Banco Prov. BA 7¼ 86 | 0¼ | 98 | 98½ | 12/6 | 11 | 11.20 |
| Banco Urquijo 6 86 | 0⅜ | 97⅜ | 98⅛ | 21/9 | 11½ | 11.73 |
| Bq. Ext. d'Alg. 7½ 85 | 0⅜ | 95 | 96 | 2/11 | 11⅞ | 12.43 |
| Bque. Indo Suez 5¾ 89 | 0¼ | 98⅛ | 98⅝ | 11/1 | 11 | 11.18 |
| Banque Sudameris 6 87 | 0¼ | 96⅞ | 97⅜ | 11/1 | 11⅛ | 11.47 |
| BNP 5½ 81 | 0⅜ | 98½ | 99 | 22/2 | 11.94 | 12.09 |
| Citicorp O/S Fin. 6 94 | ‡0¼ | 99⅝ | 100⅛ | 8/9 | 10.69 | 10.70 |
| Citicorp O/S 83 | ‡0 | 99½ | 100 | 23/2 | — | — |
| Creditanstalt 5½ 91 | ‡0¼ | 98½ | 99 | 14/9 | 10⅞ | 11.01 |
| GZB 5½ 89 | ‡0¼ | 98⅜ | 98⅞ | 1/11 | 11.44 | 11.61 |
| Gotabanken 6 88 | 0⅜ | 98½ | 99 | 15/5 | 11½ | 11.65 |
| Ind. Bk. Japan 5½ 85 | 0¼ | 99 | 99½ | 1/12 | 10.94 | 11.02 |
| Jugobanka 8 89 | 0⅜ | 95½ | 96⅛ | 23/11 | 11⅞ | 12.37 |
| *LTCB Japan 5¾ 85* | 0⅜ | 99⅜ | 99⅞ | 9/10 | 11⅝ | 11.67 |
| LTCB Japan 5½ 89 | 0⅜ | 98⅜ | 99⅛ | 7/12 | 11⅛ | 11.25 |
| Mfrs. Han. O/S 5¾ 94 | ‡0¼ | 99½ | 100 | 23/11 | 12.56 | 12.59 |
| Nacional Fin. 6¼ 86 | 0⅜ | 97⅜ | 98⅛ | 26/1 | 11½ | 11.73 |
| Nat. West. 5¾ 94 | 0⅜ | 98⅜ | 98⅞ | 11/10 | 11 | 11.17 |
| Nippon Credit Bk. 5½ 85 | 0¼ | 98⅝ | 99⅛ | 22/12 | 10.94 | 11.06 |
| *Nippon Credit Bk. 6⅛ 86* | 0⅜ | 97⅞ | 98⅜ | 12/1 | 10⅞ | 11.11 |
| Petro Mexicano 7 84 | 0⅜ | 98¾ | 99¼ | 24/1 | 11.44 | 11.55 |
| Privredna Banka 8 86 | 0⅜ | 95 | 95½ | 20/12 | 11.58 | 12.14 |
| Royal Bank Scot. 5¾ 94 | ‡0¼ | 98⅝ | 99⅛ | 11/10 | 11 | 11.13 |
| Sogenal 5¾ 89 | 0¼ | 97⅞ | 98⅜ | 11/1 | 10.94 | 11.15 |
| Texas Int. Airways 7 86 | ‡0¼ | 96½ | 97 | 11/10 | 11.56 | 11.95 |
| Trade Dv. Fin. Srv. 6 86 | 0¼ | 97⅝ | 98⅛ | 21/2 | — | — |
| TVO Pwr. 9 91 (D-lock) | 0⅜ | 97⅜ | 98⅛ | 24/11 | 11½ | 11.35 |
| Utd. Overseas Bk. 6 89 | ‡0¼ | 97½ | 98 | 29/9 | 11.14 | 11.39 |
| Bq. E. d'Alq. 4¾ 89 SF | 0¼ | 96⅞ | 97⅛ | 18/12 | 4¾ | 4.38 |

| CONVERTIBLE BONDS | Cnv. date | Cnv. price | Bid | Offer | Chg. day | Prem |
|---|---|---|---|---|---|---|
| AGA Akt'bolag 7⅛ 89 | 10/79 | 145 | 94¼ | 95½ | +0¾ | −0.37 |
| Ciba-Geigy O/S F. 4 94 | 9/79 | 675 | 96½ | 97 | +0⅛ | 2.89 |
| Credit Suisse 4¾ 93 | 10/79 | 1325 | 108½ | 109 | −0⅛ | 4.00 |
| Esselte 7¾ 89 | 9/79 | 159 | 97 | 97½ | +0⅛ | −3.41 |
| Honda Motor 5¾ 89 | 5/79 | 532 | 100¼ | 100⅞ | +2⅛ | −0.19 |
| *LPC International 8 89* | 9/79 | 35 | 101⅞ | 102⅜ | +1½ | 22.35 |
| Nitto Elec. Ind. 6 94 | 7/79 | 735 | 99⅜ | 99½ | +0½ | 0.00 |
| Union Bank Switz. 5 89 | 2/80 | 125 | 108⅜ | 109¼ | +0½ | 7.83 |
| Fujitsu 5 84 DM | 7/79 | 475 | 101⅛ | 101⅞ | −0⅛ | 17.21 |
| Kansai Elec. 4 84 DM | 4/79 | 1350 | 89½ | 90 | 0 | 51.59 |
| Marudai Food 3½ DM | 2/79 | 1033 | 82½ | 83 | −0⅛ | 47.67 |
| Nippon Ysn. 3½ 85 DM | 1/79 | 251 | 104½ | 105½ | −2⅛ | −4.58 |
| Sharp Cpn. 3½ 88 DM | 2/79 | 487 | 95½ | 96½ | −0⅛ | 6.62 |
| Tokyo Elec. 3½ 87 DM | 4/79 | 476 | 97½ | 98½ | +0⅛ | 52.98 |
| Tokyu Ld. Cp. 4 86 DM | 4/79 | 493 | 83½ | 84¼ | −0⅛ | 30.53 |

* *No information available—previous day's price.*
† Only one market maker supplied a price.

**Straight Bonds:** The yield is the yield to redemption of the mid-price: the amount issued is in millions of currency units except for Yen bonds where it is in billions. *Change on week*=Change over price a week earlier.
**Floating Rate Notes:** Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month) for U.S. dollars. C.cpn=The current coupon. *C.yld=The current yield.*
**Convertible bonds:** Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. *Prem=Percentage* premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

# INTERNATIONAL COMPANIES and FINANCE

## Government measures to restrict Credit Mutuel

BY DAVID WHITE IN PARIS

THE FRENCH Government has made a further step towards reforming the banking system by circumscribing the privileges enjoyed by Credit Mutuel, a network of mutualist banks dealing mainly with loans to families and local authorities.

The move, designed mainly to stop Credit Mutuel taking a disproportionate share of private savings, follows an agreement reached last November to regulate the activities of another mutualist institution, Credit Agricole.

A Government-commissioned report presented in April recommended decentralisation, greater competition and harmonisation of the banking system.

The latest decision stops savers from placing funds in tax-free Credit Mutuel accounts—known as "livrets bleus"—at the same as having a similar account at a standard savings bank.

In the past two years, Credit Mutuel's deposits in these accounts have risen at an annual rate of about 30 per cent.

The bank is also to negotiate with the Government a new system for fixing the maximum savings level. The ceiling for both the "livret bleu" and the savings banks' "livret a" is FFr 41,000 (just under $10,000). In future the savings banks are to be allowed higher ceilings.

The third item in the Government's measures is an end to Credit Mutuel's exemption from corporate taxes. From next year, its arrangements will be brought into line with Credit Agricole's. The farmer's bank agreed on a compromise whereby it pays the 50 per cent tax on two-thirds of its profits.

The Government has asked the bank to devote itself to a greater extent to housing loans and to restrain the expansion of its branch network.

The measures received an *energetic protest from the* Credit Mutuel, which said they had been taken unilaterally and that they went against an agreement reached in 1975.

*Other bankers* expressed reservations about the scope of the measures. Credit Mutuel retains an advantage over ordinary banks, since its special tax rate of 13.33 per cent on savings interest stays in place, compared with the standard rate of 40 per cent.

People who already hold tax-free accounts at both Credit Mutuel and a savings bank will not be affected by the latest measure.

## Advance by Tan Chong Motors

By Wong Sulong in Kuala Lumpur

TAN CHONG MOTORS, the assembler and distributor of Datsun cars in Malaysia and Singapore has reported a rise of some 140 per cent in a half-year pre-tax profit, to 26m ringgits (U.S. $12.1m) from 10.9m ringgit. Profits after tax was 13.5m *ringgit, compared* with 5.8m ringgit.

The company is paying an interim dividend of 7.5 per cent, and is declaring a one-for-three scrip issue, capitalising on 12m ringgit from unappropriated profits.

While car sales in Malaysia and Singapore were stagnant for much of this year, *Tan Chong moved against this trend,* and recorded a 36 per cent increase in turnover to 187m ringgit.

The directors say that they are confident that the second-half will be as buoyant as the first, and expect to recommend a final dividend of 12.5 per cent on the increased capital.

## Norsechem seeks listing

By Our Kuala Lumpur Correspondent

NORSECHEM BERHAD, the Norwegian-Malaysian synthetic resins and industrial glue manufacturer, has applied to the Malaysian authorities for a listing on the Kuala Lumpur Exchange and is issuing 1.7m new shares to the public.

The shares of 1 ringgit each are to be sold at par, under the plan, raising the company's issued capital to 6.6m ringgit (U.S.$3.1m). This would lift Malaysian ownership to 66 per cent of the equity.

It has been making profits for the past five years. The directors expect a pre-tax profit of 1.49m ringgit (U.S.$690,000) this year, and propose to pay a gross dividend of 12.5 per cent.

## AGI acquisition boosts figures for Boral Group

BY JAMES FORTH IN SYDNEY

BORAL, the diversified building products group, plans a one-for-five scrip issue, following a 34 per cent boost in group profit in the year to June 30. Earnings rose from A$21.08m to A$28.2m (U.S.$31.9m), lifting earnings a *share from 27.8 cents to 34.3* cents.

The final dividend is unchanged at 6.25 cent) to maintain the total payout at 12.5 cents. However, the shares created in the scrip issue will also receive the final payment.

The profit was boosted by the first full year's result from the insulation group, Australian Gypsum Industries, acquired in April, 1978 in an A$57m takeover. AGI accounted for most of the increase, contributing A$6.4m to the result. Although AGI earned A$4.4m in 1977-78, Boral took in tonly A$873,000 in *the final quarter of the year,* when it still owned only 50.7 per cent ofthe capital.

The result marked the ninth successive profit increase by Boral, bringing earnings to a record level. It was achieved on a 35 per cent sales increase, from A$288m to A$389m (US$440m), which included a A$70.3m contribution from AGI, compared with A$19.55m in the previous year.

The directors said that the year had been one of continued growth in all areas of the company's operations. After a relatively subdued start in the *first quarter, trading conditions* improved in the remaining three quarters. This was reflected in the profit breakdown, with earnings rising 20 per cent in the first half and 47 per cent in the second half. The result reflected the stable business conditions afforded by the Federal Government's economic policy, the directors said.

## Honda raises profits forecast

*TOKYO — Honda Motor* Company has raised its profit forecast for the current financial year. It now expects profit before-tax and special items for the year ending February 29 to rise sharply, to a record Y42bn ($191m) from Y29.56bn last year, on sales up to a record Y1,050bn ($4.8bn) from Y922.28bn.

The new prediction exceeds that made in April of a Y39.50bn before-tax profit, on sales of Y1,010bn.

*Honda said that a sharp rise* in profit before tax and special items should result from improved export profitability following the dollar's recent appreciation against the yen, and from increased sales of four-wheeled vehicles.

Last year, the company suffered an exchange loss of Y14bn. It expects a sharply lower loss on this account this year.

Sales of four-wheeled vehicles this year are expected *to rise* about 10 per cent, to 840,000 units, from 763,000 last year.

Honda's sales in the U.S. in the March-July period rose 38 per cent to 168,000, from 122,000 last year following strong demand for smaller energy-saving cars.

Total sales of motorcycles this year are expected to rise about 6 per cent to 2.60m, from 2.46m.

Reuter

## Share issue by Kodak offshoot

By K. K. Sharma in New Delhi

INDIA PHOTOGRAPHIC Company, which has taken over the Indian business of Kodak, is entering the capital market on September 24 with a public issue of 232,500 equity shares of Rs10 at a premium of Rs6 per share. After the issue, the paid-up capital of the company will be Rs5m.

The object of the issue is to comply with guidelines of the Foreign Exchange Regulation Act (FERA). The issue will lower the non-resident interest in the company's equity to 39.5 per cent. The non-resident holding will remain with Eastman Kodak Company of the U.S.

The Indian company will continue trading, marketing and processing operations previously carried on by the Indian branch of Kodak. It will maintain commercial relations with Kodak and receive adequate technical and management support from the worldwide Kodak organisation

The company has been doing *well.* Sales during the year ended October, 1978, went up to Rs65.1m (around $8m), compared with Rs59.8m in the previous year, while the pre-tax profit improved from Rs5.5m to Rs8.35m ($1m).

The turnover for the present year is expected to touch the Rs80m level, and the pre-tax profit to reach Rs10m.

### Sin Chew Jit Poh

Sin Chew Jit Poh (Singapore), the major local Chinese-medium newspaper *publisher, has repor*ted a marginal gain in group post-tax profit of 0.8 per cent to S$1.05m (US$490,000), for the half-year to June, writes Georgie Lee from Singapore.

Turnover, however, rose 12.6 per cent to S$11.02m (US$5.1m), while profit at the pre-tax level was down by 1.3 per cent to S$1.75m.

## Lime sector lifts Anglo-Alpha Cement

BY JIM JONES IN JOHANNESBURG

ANGLO-ALPHA CEMENT, one *of South Africa's major cement* producers, has reported a 5.3 per cent increase in first-half turnover to R63.7m ($76.3m), from R60.5m in the first half of 1978.

Turnover in the six months to June 30 increased largely because of market growth in the lime division. This, together with improved lime plant utilisation and further cost *savings in the relatively static* cement division, was the main reason for a 28.3 per cent improvement in operating income to R12.5m ($15m) from R9.8m.

The board warns, however, that as these percentage improvement reflect an abaormally low first-half last year, the rate of profit increase now *reported is unlikely ot be main*tained in the six months to end-December. In the 18 months to December 31, 1978, Anglo-Alpha reported an iperating income of R176.7m, on turnover of R176.7m.

Out of first-half earnings per share of 23.1 cents, a 7.5 cents interim dividend has been declared.

## Hero expects slight improvement

BY JOHN WICKS IN ZURICH

THE SWISS foodstuffs company, Hero Conserven Lenzburg, of Lenzburg, expects the parent undertaking to show about the same results for 1979 as for last year, when cash flow reached SwFr 18.1m and net profits SwFr 6.4m. For the Hero group as a whole, a slight improvement is expected in this year so long as the foreign exchange situation remains stable. In 1978, group turnover was SwFr 422m.

Despite hopes for the retention of overall 1978 levels, the Board reports that the first half of this year was "only partially satisfactory." The three Swiss factories booked disappointing sales in the period, with domestic turnover down 8 per cent on corresponding 1978 figure and exports "still difficult." but comparable with those for last year. Parent company profits in the first half were below expectations.

However, home market sales are expected to improve in the coming months. Subsidiary plants in Switzerland were Hero Fleischwaren AG Lenzburg, whose sales and profits were up to target levels, and Getreideflocken AG Lenzburg, profits of which were at last year's levels despite a drop in turnover.

Abroad, Hero's Dutch operation is expecting to be back in the black for 1979 after several years of losses. Turnover rose favourably in the first half, with a corresponding improvement in profits. French results, however, are said to be unsatisfactory, jam sales having been down since last autumn and first half turnover below that for 1978. In Italy, Hero reports that it has substantially increased its stake in a minority shareholder. Sales and profits are developing well. Turnover and earnings also improved in the group's Spanish activities.

## Turnover boost for Sika

BY OUR ZURICH CORRESPONDENT

AN UNCHANGED dividend of 6 per cent is foreseen by the board of Sika Finanz AG, Zug, on share capital of SwFr 30m for the financial year ended June 30. The holding company, which heads the Sika group—a major specialist in building chemicals—recorded unchanged net profits for the business period of SwFr 2.1m ($1.26m).

Consolidated turnover of the Sika group rose from SwFr 248m to SwFr 262m in 1978-79, with sales volume up from 142,000 to 164,000 tons. During the financial year, the company acquired the outstanding 39 per cent of an affiliated manufacturing company in Lyndhurst, New Jersey, which is now fully owned by Sika Finanz. Group cash flow went up to SwFr 14.1m from SwFr 13.8m and consolidated net profits to SwFr 6.3m from SwFr 5.4m in 1977-78—this despite the negative effects of the currency movements.

Business is reported to have been satisfactory in the first half of calendar 1979 and prospects are seen as favourable should the currency conditions remain stable in major industrial countries. Merger talks with the Swiss group Unikeller are said to be continuing, but no statement can yet be made as to their possible outcome.

* * *

A SUCCESSFUL first year of business is reported by Dresdner Forfaitierungs AG, of Zurich, a company belonging to the German company Dresdner Bank, and specialising in non-recourse financing.

*Despite what the* undertaking calls "relative scarcity of good material," it recorded a net profits of over SwFr 150,000 (US$90,525), of which SwFr 100,000 is being transferred to reserves and the remainder carried over.

COCONUT OIL MILLING

## Shortage of copra leads to foreign divestment

BY LEO GONZAGA IN MANILA

COCONUT OIL is the Philippines' biggest export earner. Coco oil milling, however, has not been a good money maker for the millers. The low profit margin has recently resulted in foreign divestment in one small domestic company, and could result in a similar divestment in a multinational subsidiary here.

Over a month ago, the majority ownership of Dayao Gulf Oil Mill was bought by International Copra Export Company (Interco). Dayao Gulf operates a coco oil mill, *while Interco* is engaged in international copra meat trading, and also has coconut extraction facilities.

The sellers in Davao Gulf were Peter Cremer, its German general manager, and some other, unnamed, German investors. The biggest stockholders of Interco, are Filipinos of Chinese origin.

It is now understood that a group of coconut planters with the backing of United Coconut Planters Bank (UCPB) has started negotiations which may lead to the acquisition of Granexport Corporation, a local subsidiary of Cargill of the U.S. Granexport started business in copra trading but has since diversified into coco oil milling in line with a Government programme to phase out copra exportation in favour of more processed cocnut product exports.

The planters' group has already bought the coconut-based Legaspi group of companies from Ayala Corporation and its Japanese partner, Mitsubishi Corporation. Its financier, UCPB, is the fourth biggest private bank here in terms of assets.

What could be behind the contemplated witrdrawal of Cargill from Granexport is the same factor which influenced the sale by Ayala-Mitsubishi in the case of the Legaspi group, and by German investors in the case of Davao Gulf—namely, a near-critical shortage of copra to mill into coco oil. The shortage continues and threatens to worsen despite the copra export phase-out (*not a single ton was ex*ported last June and the July copra shipment was way below that of the corresponding year earlier month) because of over-expansion in the coco oil milling segment of the coconut industry.

Thus, capacity utilisation is low, and therefore uneconomic *for many of the mills of the ten* bigest milling companies last year, four made reduced profits, one broke even, and the remaining five were in the red.

# CURRENCIES, MONEY and GOLD

## WORLD VALUE OF THE POUND

The table below gives the latest available rates of exchange for the pound against various currencies on September 3, 1979. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Exchange in the UK and most of the countries listed is officially controlled and the rates shown should not be taken as being applicable to any particular transaction without reference to an authorised dealer.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling/dollar rate; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rate; (cm) commercial rate; (cn) convertible rate; (fn) financial rate; (exC) exchange certificate rate; (k) Scheduled Territory; (nc) non-commercial rate; (nom) nominal; (o) official rate; (sg) selling rate.

| PLACE AND LOCAL UNIT | VALUE OF £ STERLING |
|---|---|
| Afghanistan ... Afghani | 95.00 |
| Albania ... Lek | 10.0694 |
| Algeria ... Dinar | 8.6269 |
| Andorra ... French Franc / Spanish Peseta | 9.565 / 148.45 |
| Angola ... Kwanza | 67.763 |
| Antigua (S) ... E. Caribbean $ | 6.0752 |
| Argentina ... Ar. Peso Free Rate | 3,198 |
| Australia (S) ... Australian $ | 1.9960 |
| Austria ... Schilling | 30.005 |
| Azores ... Portug. Escudo | 110.75 |
| Bahamas (S) ... Ba. Dollar | 2.2480 |
| Bahrain (S) ... Dinar | 0.854 |
| Balearic Isles ... Spa. Peseta | 148.45 |
| Bangladesh (S) ... Taka | 34.52 (sg) |
| Barbados (S) ... Barbados $†† | 4.4960 |
| Belgium ... B. Franc | (cm) 65.75 / (fn) 68.70 |
| Belize ... B $ | 4.4960 |
| Benin ... C.F.A. Franc | 478¼ |
| Bermuda (S) ... Bda $ | 2.2480 |
| Bhutan ... Indian Rupee | 17.92 (sg) |
| Bolivia ... Bolivian Peso | 44.96 |
| Botswana (S) ... Pula | 1.8617 |
| Brazil ... Cruzeiro ‡‡ | 62.33 |
| Brit. Virgin Isles (S) U.S. $ | 2.2480 |
| Brunei (S) ... Brunei $ | 4.846 |
| Bulgaria ... Lev | 1.9160 |
| Burma ... Kyat | 15.1225 |
| Burundi ... Burundi Franc | 199.54 |
| Cameroon Repub'c C.F.A. Franc | 478¼ |
| Canada ... Canadian $ | 2.6205 |
| Canary Islands ... Spanish Peseta | 148.45 |
| Cape Verde Isle ... Cape V. Escudo | 82.074 |
| Cayman Islands (S) Cay. Is. $ | 1.8735 |
| Cent. Af. Empire ... C.F.A. Franc | 478¼ |
| Chad ... C.F.A. Franc | 478¼ |
| Chile ... C. Peso | (Bk) 87.75 |
| China ... Renminbi Yuan | 3.4449 |
| Colombia ... C. Peso | (P) 96.25 |
| Comoro Islands ... C.F.A. Franc | 478¼ |
| Congo (Braz'ville) C.F.A. Franc | 478¼ |
| Costa Rica ... Colon | 19.3328 |
| Cuba ... Cuban Peso | 1.6326 |
| Cyprus (S) ... Cyprus £ | 0.7840 |
| Czechoslovakia ... Koruna | (com) 11.75 / nc 23.60 / (T) 19.78 |
| Denmark ... Danish Krone | 11.835 |
| Djibouti ... Fr. | 390.0 |
| Dominica (S) ... E. Caribbean $ | 6.0752 |
| Dominican Repub. Dominican Peso | 2.2480 |
| Ecuador ... Sucre | (O) 56.96 / (F) 63.45 |
| Egypt ... Egyptian £ | (U) 1.5885 |
| Equatorial Guinea Peseta | 148.45 |
| Ethiopia ... Ethiopian Birr | (P) 4.6586 |
| Falkland Islands (S) Falkland Is. £ | 1.0 |
| Faro Islands ... Danish Krone | 11.835 |
| Fiji Islands ... Fiji $ | 1.8505 |
| Finland ... Markka | 8.635 |
| France ... French Franc | 9.565 |
| French C'tyin Af. C.F.A. Franc | 478¼ |
| French Guiana ... Local Franc | 9.565 |
| French Pacific Is. C.F.P. Franc | 173.90 |
| Gabon ... C.F.A. Franc | 478¼ |
| Gambia (S) ... Dalasi | 4.0 |
| Germany (East) ... Ostmark | 4.105 |
| Germany (West) ... Deutsche Mark | 4.105 |
| Ghana (S) ... Cedi | 6.19 (sg) |
| Gibraltar (S) ... Gibraltar £ | 1.0 |
| Gilbert Islands ... Australian $ | 1.9960 |
| Greece ... Drachma | 82.961 |

| PLACE AND LOCAL UNIT | VALUE OF £ STERLING |
|---|---|
| Greenland ... Danish Kroner | 11.835 |
| Grenada (S) ... E. Caribbean $ | 6.0752 |
| Guadaloupe ... Local Franc | 9.565 |
| Guam ... U.S. $ | 2.2480 |
| Guatemala ... Quetzal | 2.2480 |
| Guinea Republic ... Sily | 42.7151 |
| Guinea Bissau ... Peso | 76.1184 |
| Guyana (S) ... Guyanese $ | 5.7324 |
| Haiti ... Gourd | 11.240 |
| Honduras Repub. ... Lempira | 4.52 |
| Hong Kong (S) ... H.K. $ | 11.435 |
| Hungary ... Forint | (com) 77.50 / (T(nc)) 44.17 |
| Iceland (S) ... I. Krona | 840.0 |
| India (S) ... Ind. Rupee | 17.92 (sg) |
| Indonesia ... Rupiah | 1,405.0 |
| Iran ... Rial | 162.35 |
| Iraq ... Iraq Dinar | 0.6661 |
| Irish Republic (k) ... Irish £ | 1.0807 |
| Israel ... Israel £ | 61.5608 |
| Italy ... Lira | 1835.5 |
| Ivory Coast ... C.F.A. Franc | 478¼ |
| Jamaica (S) ... Jamaica Dollar | 3.0093 |
| Japan ... Yen | 497.5 |
| Jordan (S) ... Jordan Dinar | 0.670 |
| Kampuchea ... Riel | 2697.6 |
| Kenya (S) ... Kenya Shilling | 16.663 |
| Korea (Nth) ... Won | 2.00(n) |
| Korea (Sth) ... Won | 1082.51 |
| Kuwait (Sth) ... Kuwait Dina | 0.621 |
| Laos ... Kip Pot Po | 899.2 |
| Lebanon ... Lebanese £ | 7.3161 |
| Lesotho ... S. African Rand | 1.8800 |
| Liberia ... Liberian $ | 2.2480 |
| Libya ... Libyan Dinar | 0.6655 |
| Liechtenstein ... Swiss Franc | 3.7275 |
| Luxembourg ... Lux Franc | 65.75 |
| Macao ... Pataca | 11.9369 |
| Madeira ... Portug'se Escudo | 110.75 |
| Malagasy Republic MG Franc | 478¼ |
| Malawi (S) ... Kwacha | 1.905 |
| Malaysia (S) ... Ringgit | 4.841 |
| Maldive Islands (S) Mal Rupee | 66.246 |
| Mali Republic ... Mali Franc | 956.5 |
| Malta (S) ... Maltese £ | 0.7930 |
| Martinique ... Local Franc | 9.565 |
| Mauritania ... Ouguiya | 95.815 |
| Mauritius (S) ... M. Rupee | 13.5472 |
| Mexico ... Mexican Peso | 51.27 |
| Miquelon ... C.F.A. Franc | 478¼ |
| Monaco ... French Franc | 9.565 |
| Mongolia ... Tugrik | (O) 6.666(l) |
| Montserrat ... E. Caribbean $ | 6.0752 |
| Morocco ... Dirham | 8.63 |
| Mozambique ... Moz. Escudo | 65.096 |
| Nauru ... Australian Dollar | 1.9960 |
| Nepal ... Nepalese Rupee | 26.98 |
| Netherlands ... Guilder | 4.505 |
| Netherland Antilles Antillian Guilder | 4.0239 |
| New Hebrides ... Franc / Aust. Dollar | 154.586 / 1.9960 |
| New Zealand (S) ... N. Z. Dollar | 2.222 |
| Nicaragua ... Cordoba | 22.50 |
| Niger Republic ... C. F. A. Franc | 478¼ |
| Nigeria (S) ... Naira | 1.267316(sg) |
| Norway ... Norway Krone | 11.3025 |
| Oman Sultate of (S) Rial Omani | 0.777 |
| Pakistan ... Pakistan Rupee | 22.18 |
| Panama ... Balboa | 2.2480 |
| Papua N. Guinea (S) Kina | 1.593 |
| Paraguay ... Guarani | 280.60 |

| PLACE AND LOCAL UNIT | VALUE OF £ STERLING |
|---|---|
| Peoples D. Repub. of Yemen (S) S. Yemen Dinar | (A) 0.7676 |
| Peru ... Sol | exc(A) 525.00 |
| Philippines ... Philippine Peso | 16.5228 |
| Pitcairn Islands (S) £ Sterling / New Zealand $ | 2.2220 |
| Poland ... Zloty | (Cm) 69.10 / (T) 69.10 |
| Portugal ... Portug'se Escudo | 110.75 |
| Port Timor ... Timor Escudo | 110.75 |
| Principe Islands ... Portug'se Escudo | 110.75 |
| Puerto Rico ... U.S. $ | 2.2480 |
| Qatar (S) ... Qatar Ryal | 8.41 |
| Reunion Ile de la ... French Franc | 9.565 |
| Rhodesia ... Rhodesian $ | 1.5589 |
| Romania ... Leu | (Cm) 9.97 / (nc) 26.77 |
| Rwanda ... Rwanda Franc | 208.38 |
| St. Christopher (S) E. Caribbean $ | 6.0752 |
| St. Helena ... St. Helena £ | 1.0 |
| St. Lucia ... E. Caribbean $ | 6.0752 |
| St. Pierre ... C.F.A. Franc | 478¼ |
| St. Vincent (S) ... E. Caribbean $ | 6.0752 |
| Salvador El ... Colon | 5.63 |
| Samoa American ... U.S. $ | 2.2480 |
| San Marino ... Italian Lira | 1835.5 |
| Sao Tome ... Portugese Escudo | 110.75 |
| Saudi Arabia ... Ryal | 7.55 |
| Senegal ... C.F.A. Franc | 478¼ |
| Seychelles ... S. Rupee | 13.35 |
| Sierra Leone (S) ... Leone | 2.3553 |
| Singapore (S) ... Singapore $ | 4.846 |
| Solomon Islands (S) Solomon Is. $ | 1.9975 |
| Somali Republic ... Somali Shilling | (A) 13.642 |
| South Africa (S) ... Rand | 1.8800 |
| South West African Territories (S) S. A. Rand | 1.8800 |
| Spain ... Peseta | 148.45 |
| Spanish ports in North Africa ... Peseta | 148.45 |
| Sri Lanka (S) ... S. L. Rupee | 34.80 |
| Sudan Republic ... Sudan £ | 1.1240 |
| Surinam ... S. Guilder | 402.39 |
| Swaziland (S) ... Lilangeni | 1.8800 |
| Sweden ... S. Krona | 9.475 |
| Switzerland ... Swiss Franc | 3.7275 |
| Syria ... Syria £ | (A) 8.826 |
| Taiwan ... New Taiwan $ | (P) 80.926 |
| Tanzania (S) ... Tan. Shilling | 18.53 |
| Thailand ... Baht | 45.64 |
| Togo Republic ... C.F.A. Franc | 478¼ |
| Tonga Islands (S) Pa'anga | 1.9973 |
| Trinidad (S) ... Trinidad & Tob' $ | 5.39 |
| Tunisia ... Tunisian Dinar | 0.902 (sg) |
| Turkey ... Turkish Lira | 106.33 |
| Turks & Caicos ... U.S. $ | 2.2480 |
| Tuvalu ... Australian $ | 1.9960 |
| Uganda (S) ... Uganda Shilling | 16.75 |
| United States ... U.S. Dollar | 2.2480 |
| Uruguay ... Uruguay Peso | (com) 18.22 / (fn) 18.24 |
| Utd. Arab Emirates U.A.E. Dirham | 8.52 |
| U.S.S.R. ... Rouble | 1.4972 |
| Upper Volta ... C.F.A. Franc | 478¼ |
| Vatican ... Italian Lira | 1835.5 |
| Venezuela ... Bolivar | 9.65 |
| Vietnam ... Dong | [illegible] |
| Virgin Islands U.S. U.S. Dollar | 2.2480 |
| Western Samoa (S) Samoan Tala | 1.9901 |
| Yemen ... Ryal | 10.17 (sg) |
| Yugoslavia ... New Y Dinar | 43.0971 |
| Zaire Republic ... Zaire | 4.615758 |
| Zambia ... Kwacha | 1.775 |

* That part of the French community in Africa formerly French West Africa or French Equatorial Africa. † Rupees per pound. ‡ General rates of oil and iron exports 94.416. Based on gross rates against Russian rouble. ** Rate is the transfer market (controlled). †† Rate is now based on 2 Barbados $ to the dollar. ‡‡ Now one official rate. (U) Unified Rate. Applicable on all transactions except countries having a bilateral agreement with Egypt, and are not members of IMF. (·) Based on cross rates against Russian rouble.



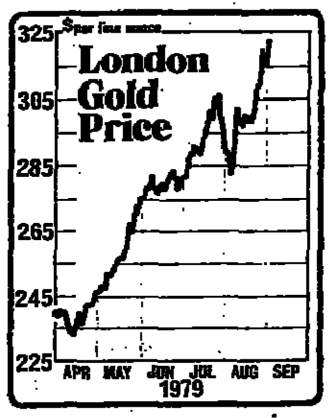


# Dollar firm, pound easier

TRADING WAS very quiet in the foreign exchange market yesterday, with the New York market closed for a public holiday. The dollar traded within very narrow ranges against most major currencies, closing unchanged at DM 1.8255 against the D-mark, after moving between DM 1.8230 and DM 1.8265. In terms of the Swiss franc, the dollar traded between SwFr 1.6545 and SwFr 1.6580, before finishing at SwFr 1.6570, compared with SwFr 1.6560 on Friday. The U.S. currency was firmed against the Japanese yen, confirming the earlier trend in Far Eastern markets. It ranged between Y221.05 and Y221.75, and closed at Y221.30, compared with Y220.20 before the week-end.

The dollar's trade-weighted index, as calculated by the Bank of England, rose to 84.8 from 84.7. Sterling's index, on Bank of England figures, eased to 71.8 from 71.9, after standing at 71.8 at noon and in early trading.

The pound opened at $2.2525-$2.2535, the lowest level of the day, and fell to $2.2465-2.2475 in quiet trading. Sterling remained around the $2.25 level for most of the day, and closed at $2.2475-2.2485, a fall of 45 points on the day.




FRANKFURT — The Bundesbank did not intervene when the dollar was fixed at DM 1.8252 against the D-mark, compared with DM 1.8278 on Friday. Trading was very quiet, with the U.S. market closed for Labour Day, and it was unlikely that the central bank intervened before the fixing, as the U.S. currency traded within a range of DM 1.8235 and DM 1.8260. There was no news to influence trading, although sterling was more active than most other currencies. The Danish krone recovered some of the ground lost against the D-mark at the end of last week. It was fixed at DM 34.67 per 100 krone, compared with the lower intervention point of DM 34.64½ fixed on Friday. Rumours of a realignment of EMS currencies forced down the Danish currency before the weekend.

MILAN—The dollar and sterling lost ground against the lira at the fixing, while European Monetary System currencies were firmer in slow trading. The dollar eased to L816.80 from L816.95, with the Bank of Italy buying most of the $8.9m traded officially. The pound declined to L1,838.10 from L1,840, while the D-mark was fixed at L447.40, compared with L447.15.

TOKYO—The dollar gained ground on demand for import settlements. It rose to Y221.07½ from Y220.10, after trading between Y220.40 and Y221.10. Trading was generally slow ahead of the Labour Day holiday in the U.S. There was no intervention by the Bank of Japan.

## EMS EUROPEAN CURRENCY UNIT RATES

| | ECU central rates | Currency amounts against ECU September 3 | % change from central rate | % change adjusted for divergence | Divergence limit % |
|---|---|---|---|---|---|
| Belgian Franc | 39.4582 | 40.5617 | +2.77 | +1.40 | ±1.53 |
| Danish Krone | 7.08592 | 7.29667 | +2.97 | +1.60 | ±1.635 |
| German D-Mark | 2.51064 | 2.52999 | +0.77 | −0.60 | ±1.1325 |
| French Franc | 5.79831 | 5.90013 | +1.76 | +0.39 | ±1.35 |
| Dutch Guilder | 2.72077 | 2.77506 | +2.00 | +0.62 | ±1.5075 |
| Irish Punt | 0.662638 | 0.672886 | +1.55 | +0.18 | ±1.665 |
| Italian Lira | 1148.15 | 1132.13 | −1.40 | −1.40 | ±4.0725 |

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

## THE POUND SPOT AND FORWARD

| Sept. 3 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| U.S. | 2.2465-2.535 | 2.2475-2.2485 | 0.32-0.22c pm | 1.44 | 1.18-1.08 pm | 2.01 |
| Canada | 2.6195-2.6275 | 2.6200-2.6210 | 1.0-0.75c pm | 5.10 | 3.0-2.5 pm | 5.34 |
| Nethlnd. | 4.49-4.52 | 4.50-4.51 | 0.04-0.01c pm | 0.26 | 0.05-0.01 pm | 0.10 |
| Belgium | 65.65-65.95 | 65.70-65.80 | 0.62-0.52c pm | 3.42 | 1.40-1.30 pm | 2.70 |
| Denmark | 11.82-11.86½ | 11.83-11.84 | 2.5-1.0c pm | 0.72 | 3.0-1.5 pm | 0.31 |
| Ireland | 1.0895-1.0975 | 1.0902-1.0912 | 1.25-1.75ore dis | −3.42 | 3.70-4.20dis | −3.00 |
| W. Ger. | 4.09-4.12 | 4.10-4.11 | 0.88-0.78pf pm | 5.46 | 2.16-2.06 pm | 4.62 |
| Portugal | 110.50-111.10 | 110.60-110.90 | 20-30c dis | −6.09 | 75-115 dis | −7.72 |
| Spain | 148.30-148.70 | 148.40-148.50 | 60-75c dis | −12.26 | 225-245dis | −14.23 |
| Italy | 1,833½-1,838½ | 1,835-1,836 | 0.20-0.70lire dis | −0.66 | 4.50-5.25dis | −2.39 |
| Norway | 11.29-11.33 | 11.29½-11.30½ | 0.60-0.10ore dis | −0.83 | 0.75-0.25 pm | 0.40 |
| France | 9.55½-9.58½ | 9.56-9.57 | 0.37-0.27c pm | 0.90 | 0.38-0.48dis | −0.40 |
| Sweden | 9.46½-9.49½ | 9.47-9.48 | par-0.20ore dis | −0.28 | 0.55-0.75dis | −0.82 |
| Japan | 495-500 | 497-498 | 1.05-0.90y pm | 5.29 | 2.75-2.60 pm | 4.84 |
| Austria | 29.95-30.10 | 29.98-30.03 | 8.75-6.25gro pm | 5.84 | 16.50-15.00pm | 4.72 |
| Switz. | 3.71½-3.74½ | 3.72¼-3.73¼ | 1.52-1.47c pm | 10.82 | 4.18-4.13 pm | 10.03 |

Belgian rate is for convertible francs. Financial franc 68.65-68.75c pm. Six-month forward dollar 2.15-2.05c pm, 12-month 3.90-3.80c pm.

## THE DOLLAR SPOT AND FORWARD

| Sept. 3 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| UK† | 2.2465-2.2535 | 2.2475-2.2485 | 0.32-0.22c pm | 1.44 | 1.18-1.08 pm | 2.01 |
| Ireland† | 2.0575-2.0625 | 2.0575-2.0625 | 0.55-0.45c pm | 2.29 | 1.48-1.38 pm | 2.18 |
| Canada | 1.1657-1.1663 | 1.1659-1.1662 | 2½-1½c pm | 4.66 | 5½-4½ pm | 4.55 |
| Nethlnd. | 2.0005-2.0030 | 2.0005-2.0025 | 20-10c pm | 2.74 | 50-40 dis | −2.74 |
| Belgium | 29.235-29.27 | 29.25-29.265 | ½-2½ore dis | −1.62 | 2½-3½ dis | −1.26 |
| Denmark | 5.2620-5.2665 | 5.2640-5.2665 | 27-37p dis | −3.52 | 90-100 dis | −3.60 |
| W. Ger. | 1.8240-1.8260 | 1.8250-1.8260 | 2⅞-1⅞pf pm | 6.94 | 7½-6½ pm | 6.57 |
| Portugal | 49.19-49.25 | 49.19-49.24 | 35-85c dis | −6.50 | 125-225 dis | −6.32 |
| Spain | 66.03-66.07 | 66.03-66.06 | 140-190c dis | −13.34 | 495-595dis | −14.69 |
| Italy | 816.30-817.10 | 816.60-816.90 | 2½-¼ lire pm | 0.08 | ¼ pm-1¾dis | −0.16 |
| Norway | 5.0275-5.0353 | 5.0275-5.0285 | 2½-½ore pm | 1.86 | 7½-5½ pm | 2.39 |
| France | 4.2540-4.2575 | 4.2540-4.2550 | 2¼-1¼c pm | 2.50 | 4½-3½ pm | 1.57 |
| Sweden | 4.2150-4.2170 | 4.2160-4.2170 | 2ore pm-par | 1.27 | 3½-1½ pm | 1.06 |
| Japan | 221.20-221.70 | 221.20-221.30 | 2.75-3.10 | 6.99 | 8.25-8.60 | 6.16 |
| Austria | 13.338-13.351 | 13.338-13.348 | 23-13gro pm | 7.19 | 53-43 pm | 6.40 |
| Switz. | 1.6558-1.6580 | 1.6570-1.6580 | 4-3c pm | 11.27 | 11½-10½ pm | 11.80 |

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

## CURRENCY RATES

| Sept. 3 | Bank rate % | Special Drawing Rights | European Currency Unit |
|---|---|---|---|
| Sterling | 14 | 0.577731 | 0.614987 |
| U.S. $ | 10½ | 1.30030 | 1.38483 |
| Canadian $ | 11¾ | 1.51641 | 1.61869 |
| Austria Sch | 3¾ | Unavail. | 18.4390 |
| Belgian F | 9 | 38.0923 | 40.5685 |
| Danish K | 9 | 6.86038 | 7.30220 |
| D Mark | 5 | 2.37689 | 2.53022 |
| Guilder | 8 | 2.60580 | 2.77700 |
| French Fr. | 9½ | 5.54188 | 5.90214 |
| Lira | 10½ | 1062.35 | 1131.40 |
| Yen | 5¼ | 286.066 | 305.590 |
| Nrwgn. K | 7 | 6.53921 | 6.96984 |
| Spanish Pes. | 8 | 85.8341 | 91.4610 |
| Swedish Kr. | 7 | 5.48076 | 5.83802 |
| Swiss Fr. | 1 | 2.15590 | 2.29535 |

## CURRENCY MOVEMENTS

| Sept. 3 | Bank of England Index | Morgan Guaranty changes % |
|---|---|---|
| Sterling | 71.8 | −33.6 |
| U.S. dollar | 84.8 | −8.7 |
| Canadian dollar | 80.9 | −17.0 |
| Austrian schilling | 148.7 | +19.5 |
| Belgian franc | 114.2 | +15.8 |
| Danish kroner | 115.1 | +2.2 |
| Deutsche mark | 152.2 | +42.5 |
| Swiss franc | 197.5 | +80.8 |
| Guilder | 125.8 | +18.8 |
| French franc | 99.0 | −7.3 |
| Lira | 55.6 | −48.7 |
| Yen | 129.1 | +28.1 |

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

## OTHER MARKETS

| Sept. 3 | £ | $ | | £ Note Rates |
|---|---|---|---|---|
| Argentina Peso | 3188-3208 | 1420-1430 | Austria | 29½-30½ |
| Australia Dollar | 1.9940-1.9980 | 0.8870-0.8890 | Belgium | 68½-69½ |
| Brazil Cruzeiro | 61.83-62.83 | 27.50-27.95 | Denmark | 11.80-11.95 |
| Finland Markka | 8.63-8.64 | 3.8390-3.8435 | France | 9.55-9.65 |
| Greek Drachma | 81.961-85.941 | 36.45-37.35 | Germany | 4.05-4.15 |
| Hong Kong Dollar | 11.41-11.46 | 5.0960-5.0990 | Italy | 1,820-1,860 |
| Iran Rial | 160.50-166.15 | 71-73½ | Japan | 495-505 |
| Kuwait Dinar (KD) | 0.616-0.626 | 0.2761-0.2762 | Netherlands | 4.45-4.55 |
| Luxembourg Frc. | 65.70-65.80 | 29.24-29.26 | Norway | 11.30-11.45 |
| Malaysia Dollar | 4.83½-4.8470 | 2.1550-2.1560 | Portugal | 108-114 |
| New Zealand Dlr. | 2.2190-2.2250 | 0.9870-0.9895 | Spain | 147-150 |
| Saudi Arab. Riyal | 7.50-7.60 | 3.3600-3.3604 | Switzerland | 3.70-3.80 |
| Singapore Dollar | 4.84-4.8520 | 2.1535-2.1545 | United States | 2.24½-2.26½ |
| Sth. African Rand | 1.8750-1.8850 | 0.8340-0.8385 | Yugoslavia | 47-49 |

Rate given for Argentina is free rate.

## EXCHANGE CROSS RATES

| Sept. 3 | Pound Sterling | U.S. Dollar | Deutschem'k | Japan'se Yen | French Franc | Swiss Franc | Dutch Guild'r | Italian Lira | Canada Dollar | Belgian Franc |
|---|---|---|---|---|---|---|---|---|---|---|
| Pound Sterling | 1. | 2.248 | 4.105 | 497.5 | 9.565 | 3.726 | 4.505 | 1836. | 2.621 | 65.75 |
| U.S. Dollar | 0.445 | 1. | 1.826 | 221.3 | 4.255 | 1.658 | 2.004 | 816.5 | 1.166 | 29.25 |
| Deutschemark | 0.244 | 0.548 | 1. | 121.2 | 2.330 | 0.908 | 1.097 | 447.1 | 0.638 | 16.02 |
| Japanese Yen 1,000 | 2.010 | 4.519 | 8.251 | 1000. | 19.23 | 7.492 | 9.055 | 3689. | 5.267 | 132.2 |
| French Franc 10 | 1.045 | 2.350 | 4.292 | 520.1 | 10. | 3.897 | 4.710 | 1919. | 2.740 | 68.74 |
| Swiss Franc | 0.268 | 0.603 | 1.101 | 133.5 | 2.566 | 1. | 1.209 | 492.4 | 0.703 | 17.64 |
| Dutch Guilder | 0.222 | 0.499 | 0.911 | 110.4 | 2.123 | 0.827 | 1. | 407.4 | 0.582 | 14.59 |
| Italian Lira 1,000 | 0.545 | 1.225 | 2.236 | 271.0 | 5.211 | 2.031 | 2.454 | 1000. | 1.428 | 35.82 |
| Canadian Dollar | 0.382 | 0.858 | 1.566 | 189.8 | 3.650 | 1.422 | 1.719 | 700.4 | 1. | 25.09 |
| Belgian Franc 100 | 1.521 | 3.419 | 6.243 | 756.7 | 14.55 | 5.669 | 6.852 | 2792. | 3.986 | 100. |

## EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one month 11.80-11.90 per cent; three months 11.92-12.02 per cent; six months 11.95-12.05 per cent; one year 11.55-11.65 per cent.

| Sept. 3 | Sterling | U.S. Dollar | Canadian Dollar | Dutch Guilder | Swiss Franc | West German Mark | French Franc | Italian Lira | Asian $ | Japanese Yen |
|---|---|---|---|---|---|---|---|---|---|---|
| †Short term | 14¼-14¾ | 11¼-11½ | 10⅛-11½ | 8⅞-9⅛ | ¼-⅞ | 7⅛-7¼ | 10⅝-10⅞ | 9½-11½ | — | [illegible] |
| 7 days' notice | 14¼-14¾ | 11⅝-11⅞ | 10⅛-11½ | 8⅞-9⅛ | [illegible] | 7⅛-7¼ | 10⅝-10⅞ | 11½-12½ | [illegible] | 6¾-7¼ |
| Month | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Three months | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Six months | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| One year | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

Long-term Eurodollar: two years 11-11¼ per cent; three years 10⅞-11 per cent; four years 10¾-10⅞ per cent; five years 10¾-10⅞ per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two-day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

### INTERNATIONAL MONEY MARKET

# German rates firm

German short-term interest rates continued to rise yesterday, although call money eased to 7.00-7.25 per cent from 7.50-7.60 per cent. One-month funds firmed to 7.30-7.40 per cent from 6.90-7.10 per cent; three-month to 7.50-7.60 per cent from 7.25-7.40 per cent; six-month to 7.80-7.90 per cent from 7.40-7.55 per cent; and 12-month to 7.95-8.05 per cent from 7.55-7.65 per cent.

PARIS—Day-to-day money was unchanged at 10½ per cent. One-month eased to 10⅛-10¼ per cent from 10⅛-11 per cent, while three-month was unchanged at 11⅛-11¼ per cent, and 12-month money was unchanged at 11¼-11½ per cent.

BRUSSELS—One-month deposit rate for the Belgian franc fell to 11-12 per cent from 12-13 per cent. Three-month was quoted at 12-12½ per cent, compared with 12½-12¾ per cent, while six-month was unchanged at 11-11½ per cent, and 12-month fell to 10¾-11¼ per cent from 11½-11¾ per cent.

AMSTERDAM—Call money was 9½ per cent, compared with 8¾-9 per cent previously. One-month rose to 9¼-9½ per cent from 8¾-9⅛ per cent; three-month to 9¼-9½ per cent from 9⅛-9⅜ per cent; and six-month to 9¼-9½ per cent from 9⅛-9⅜ per cent.

HONG KONG—The money market was easy with call money at 9½ per cent, and overnight at 8½ per cent.

SINGAPORE—Many banks increased their prime rates to between 8½ per cent and 9¼ per cent, following similar moves by other Singapore based banks at the beginning of last week when the big four banks raised their prime rates to 8½ per cent.

### UK MONEY MARKET

# Full credit supply

**Bank of England Minimum Lending Rate 14 per cent (since June 12, 1979)**

Day-to-day credit was in good supply in the London money market yesterday, and the authorities absorbed surplus funds by selling a small amount of Treasury bills to the discount houses.

Banks brought forward moderate surplus balances, there was a moderate surplus of Government disbursements over revenue payments to the Exchequer, and the market was also helped by a small decline in the note circulation. On the other hand there was a small net take-up of Treasury bills to finance.

Discount houses paid 13½-13¾ per cent for secured call loans in the early part, and closing balances were taken at 11-12½ per cent.

Rates in the table below are nominal in some cases.

## LONDON MONEY RATES

| Sept. 3 1979 | Sterling Certificate of deposit | Interbank | Local Authority deposits | Local Auth. negotiable bonds | Finance House Deposits | Company Deposits | Discount market deposits | Treasury Bills ⊕ | Eligible Bank Bills ⊕ | Fine Trade Bills ⊕ |
|---|---|---|---|---|---|---|---|---|---|---|
| Overnight | — | 11⅛-13½ | — | — | — | 13¾ | 11-13¾ | — | — | — |
| 2 days notice | — | — | 14-14⅛ | — | — | — | — | — | — | — |
| 7 days or | — | — | — | — | — | — | — | — | — | — |
| 7 days notice | — | 13¾-14 | 14-14⅛ | — | — | — | — | — | — | — |
| One month | 14 1/16-14 3/16 | 14⅛-14¼ | 14⅛-14¼ | 15-14¾ | 14⅜ | 14⅛ | 15½ | — | — | 14⅛ |
| Two months | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 14⅜ |
| Three months | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 14 1/16 |
| Six months | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 13¾ |
| Nine months | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | — | — | — |
| One year | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | — | — | — | — |
| Two years | — | — | — | [illegible] | — | — | — | — | — | — |

Local authority and finance houses seven days' notice, others seven days fixed. * Long-term local authority mortgage rates nominally three years 12½-12¾ per cent; four years 12¾-12⅞ per cent; five years 12¾-12⅞ per cent. ⊕ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 13⅝ per cent; four-month trade bills 14 per cent.

Approximate selling rate for one-month Treasury bills 13⅝ per cent; two-month 13⅝ per cent; three-month 13⅝-13¾ per cent. Approximate rates for one-month bank bills 14⅛ per cent; two-month [illegible] per cent; three-month [illegible] per cent; one-month trade bills 14¼ per cent; two-month [illegible] per cent; and three-month [illegible] per cent.

Finance House Base Rates (published by the Finance Houses Association) 14½ per cent from September 1, 1979. Clearing Bank Deposit Rates for small sums at seven days' notice 11⅝-12 per cent. Clearing Bank Rates for lending 14 per cent. Treasury Bills: Average tender rates of discount 13.2975 per cent.

### GOLD

# Further record

By Guy Hawtin in Frankfurt

Gold rose to a record closing level of $322¼-323¼ in the London bullion market yesterday, an increase of $6¼ since Friday. The metal opened at $318¼-319¼ and rose to an all-time high of $322¼-323¼ in active trading, which became hectic at times.

| | Sept. 3 | Aug. 31 |
|---|---|---|
| **Gold Bullion (fine ounce)** | | |
| Close | $322¼-323¼ (£143.45-143.89) | [illegible] |
| Opening | $318¼-319¼ | [illegible] |
| Morning fixing | $319.30 (£141.950) | $317.75 (£141.245) |
| Afternoon fixing | $322.90 (£143.460) | $315.10 (£139.827) |
| **Gold Coins, domestically** | | |
| Krugerrand | [illegible] | [illegible] |
| New Sovereigns | [illegible] | [illegible] |
| Old Sovereigns | [illegible] | [illegible] |
| **Gold Coins, internationally** | | |
| Krugerrand | [illegible] | [illegible] |
| New Sovereigns | (£36¾-37¾) | (£36-37) |
| Old Sovereigns | $117-119 (£52-53) | $114⅛-116⅛ (£50¾-51¼) |
| $20 Eagles | $474-479 | $460-465 |
| $10 Eagles | $280-285 | $266-271 |
| $5 Eagles | $235-240 | $221-226 |

In Paris the 12½ kilo gold bar was fixed at FFr 46,000 per kilo ($336.13 per ounce) in the afternoon.

## MONEY RATES

**NEW YORK**

| | |
|---|---|
| Prime Rate | 12.25 |
| Fed Funds | 11.25 |
| Treasury Bills (13-week) | 9.74 |
| Treasury Bills (26-week) | 9.68 |

**GERMANY**

| | |
|---|---|
| Discount Rate | 5 |
| Overnight Rate | 7.125 |
| One month | 7.35 |
| Three months | 7.55 |
| Six months | 7.85 |

**FRANCE**

| | |
|---|---|
| Discount Rate | 9.5 |
| Overnight Rate | 10.5 |
| One month | 10.25 |
| Three months | 11.4375 |
| Six months | 11.4375 |

**JAPAN**

| | |
|---|---|
| Discount Rate | 6.25 |
| Call (Unconditional) | 6.0875 |
| Bills Discount (three-month) | 7 |

هكذا من الأصل

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Interested parties should address their enquiries to Michael McGowan (Managing Director), Post Office Box 15, BENTLEY, Western Australia, 6102, or telephone (09) 362 1411. Telex: AA 92557.

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*Write Box G.4472, Financial Times, 10, Cannon Street, EC4P 4BY.*

### MOTOR ACCESSORY MANUFACTURER/ DISTRIBUTOR

One of the country's field leaders, with UK distribution, for sale as a going concern. Current turnover 2.5 million with excellent growth prospects.

Replies in confidence to Box G.4467, *Financial Times, 10, Cannon Street, EC4P 4BY.*

## FURNITURE

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*Write Box G.4475, Financial Times 10 Cannon Street, EC4P 4BY*

### PVC GIFTS AND STATIONERY MANUFACTURERS

exhibiting at the International Business Show (October 23-November 1, 1979) invite designers to submit ideas for office and desk aids made from PVC and if necessary incorporating foam or board. Royalties will be paid.
*Write Box G.4461, Financial Times, 10, Cannon Street, EC4P 4BY.*

## IBM ELECTRIC TYPEWRITERS

Factory reconditioned and guaranteed by IBM.
Buy, save up to 30%.
Lease 3 years from under £5 weekly
Rent from £26 per month
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### LIMITED COMPANIES

FORMED BY EXPERTS FOR £80 INCLUSIVE
READY MADE £89
COMPANY SEARCHES
EXPRESS CO. REGISTRATIONS LTD.
30 City Road, EC1
01-628 5434/5, 7361, 9936

### If you Own or are Purchasing any type of modern OCEAN-GOING VESSEL,

then ship management subsidiary of currently Britain's most successful ship-owning group will manage your vessels with the same care and consideration as their own under either British or foreign flag.
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Series enquiries should be addressed to:
Mr. M. A. Way, Managing Director, Dyno-Rod Limited, 143, Maple Road, Surbiton, Surrey, KT6 4BJ.

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### SOUTH OF FRANCE

15,000 SQ. FT. NOW AVAILABLE OF FIRST-CLASS WAREHOUSING
Dry, secure and controlled.
*For details apply Box G.4474, Financial Times 10 Cannon Street, EC4P 4BY*

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18 rooms, overlooking Straits of Gibraltar, foreign-owned company, freehold, excellent development prospects, 12,000 sq m. for sale.
**Details: 01-736 2400**

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### AS A GOING CONCERN

Well established, profitable company, designing and manufacturing.
**PRESSURE VESSELS**
Good order book and stable skilled labour force. Located South Coast.
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## BUSINESSES WANTED

### M & D GROUP OF COMPANIES
### LIGHT/PRECISION ENGINEERING

We have recently diversified into engineering and would like to expand these operations through acquisition of further companies within the above category, particularly small private companies with turnover in the region of £¼ million and within commuting distance of London. *Please write to:*
**M & D GROUP OF COMPANIES**
Winterstoke Road, Weston-s-Mare, Avon BS23 3YS, or telephone Malcolm King personally on W-s-M (0934) 25421.

### PVC GIFTS AND STATIONERY MANUFACTURERS

exhibiting at the International Business Show (October 23 - November 1, 1979) invite designers to submit ideas for office and desk aids made from PVC and if necessary incorporating foam or board. Royalties will be paid.
*Write Box G.4461, Financial Times 10 Cannon Street, EC4P 4BY*

## LISTED PROPERTY COMPANY

wishes to acquire for cash, shares or other consideration property companies with net asset values of between £500,000 and £1,600,000. Of particular interest would be companies with inherent capital gains liability on unrealised profits.
*Write Box G.4478, Financial Times 10 Cannon Street, EC4P 4BY*

## FOR SALE

Established Timber/Builders' Merchants, High Street, North London. T.o. £170,000
*For further details write in confidence to:*
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### TORONTO — CANADA
## RETAIL JEWELLERY COMPANY FOR SALE

With 2 stores in superb locations. Excellent leases. Gross sales $1,200,000.
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Interested in expansion and diversification, has £1m available for the acquisition of successful London - based companies, engaged in clothing imports. Profits should be in the range £50,000-£250,000 per annum.
*Please apply, principals only, to Box G.4470, Financial Times, 10, Cannon Street, EC4P 4BY.*

### WANTED
## CAPITAL LOSS COMPANY
### WITH LOSSES, PREFERABLY AGREED, OF £1 MILLION

*Write Box G 4451, Financial Times, 10, Cannon Street, EC4P 4BY*

### NATIONAL STORAGE AND DISTRIBUTION COMPANY
(PRIVATELY OWNED)

seeks to expand by the acquisition of other companies in the same industry
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## Business and Investment Opportunities
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## Every Tuesday and Thursday

RATE £21 PER SINGLE COLUMN CENTIMETRE

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**Turret Press (Holdings) Ltd.**
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### CONTRACT WILTON CARPET

Manufacturer has available approximately 7,000 sq. m. of plain twist contract Wilton carpet for immediate delivery. The consignment is in two colours, Sandstone and Chocolate, is perfect quality goods and is suitable for office use or any other heavy contract situations. The carpet is available in lots of not less than 500 sq. yds. and is offered at 40% less than normal list at £8.04 per sq. yd. nett delivered U.K.—For samples and further details please write Box G.4426, Financial Times, 10, Cannon Street, EC4P 4BY

## PLANT AND MACHINERY

GENUINE SALE of used Fork Lift Trucks. Stocks must be reduced. At least 80 machines to choose from. List sent upon request. Trade and export enquiries welcomed. Deliveries arranged worldwide. Large reduction on bulk purchases. Finance arranged. Birmingham Fork Lift Truck Ltd., 4-8 Hams Road, Saltley, Birmingham B8 1DU. Tel. 021-327 5944/5. Telex. 337052.

## Swiss Company for sale

WITH DORMANT U.K. SUBSIDIARY
US$19,500
*Write Box G.4462, Financial Times, 10, Cannon Street, EC4P 4BY.*

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## FOR SALE
### GUERNSEY HORTICULTURAL NURSERY

SUBSTANTIAL AREA OF MODERN GLASS AND EQUIPMENT—
*Write Box G.4476, Financial Times 10 Cannon Street, EC4P 4BY*

### ESTABLISHED, PROFITABLE COMPANY

want to expand by acquisition, merger or other alternative. Prefer to acquire a small company with product and experience in metal fabrication, finishing and light assembly, in/or similar to domestic electrical appliances. Companies with sales of £1,000,000 to £5,000,000 are invited to contact in confidence.
*Reply to Box G.4465, 10, Cannon Street, EC4P 4BY.*

### Business Wanted
### ROAD TRANSPORT BUSINESS

Private financial group seeks cash acquisition of smaller/medium-sized road transport operation. Majority stake also considered. Preferred location S.E. England or Manchester/Derbyshire area.
*Please reply in confidence to Box G 4477, Financial Times 10 Cannon Street, EC4P 4BY*

# Paris fairly active with majority of gains

INVESTMENT DOLLAR PREMIUM
$2.60 to £1—29½% (28⅜%)
Effective $2.2480 11½% (11⅛%)

FRENCH SHARE prices were mixed with a slight majority of gains at the end of a relatively active session on the Paris Bourse yesterday.

Brokers remarked that Oil shares were mixed, despite a report in a Business Newsletter that the French Government is shortly to announce a tax on the "windfall" profits of French Oil Companies arising from higher crude oil prices. Esso lost 4 per cent, but Elf-Aquitaine remained in demand and rose FFr 30 to 982.

Market watchers said there had been little investor reaction to Press reports that the French Government's 1980 Draft Budget will show a FFr 30bn plus deficit when it is unveiled on Wednesday. The National Statistics Institute's observation that French Household Consumption was steady in July likewise received little attention.

Banks, Foods, Constructions, Mechanicals, Hotels and Textiles were mainly higher at the end of the day, while Portfolios and Metals were easier. Motors, Stores and Chemicals finished mixed.

Sought-after issues were BSN, up FFr 23 at 745, Generale d'Entreprises, Perrier, Presstal, Labinal, Jean Lefebvre, Generale des Eaux, and Dollfus-Mieg. Selling outweighed buying for Simco, Ferodo, Bail Investissement, LMT, Creusot-Loire, Nobel-Bozel and Skis Rossignol.

Price movements in the International Section were limited, although Gold Mines improved led up by Western Deep. Americans were narrowly mixed with Nerck lower, while BASF were one of the easier Germans. Elsewhere, ZCI and Ottoman Bank each lost fractions.

**All markets in the U.S. and also in Canada were closed yesterday for Labor Day. South Africa Markets also were closed for Settlers Day.**

## Germany

Leading shares closed mostly higher after trading on average turnover. Buying sentiment continued strong.

The upward trend was seen in all sectors with Preussag leading Utilities up DM 3 at DM 171.5. In Engineerings, KHD gained DM 2 to DM 212. Motors were firmer, with Daimler gaining DM 1 to DM 250.5.

Banking sector remained firm. Mannesmann held unchanged at DM 162.5 on little changed first six months turnover. Kaufhof advanced DM 4 to DM 202.

Options turnover eased, led by AEG six-months call with 4,050 traded, and prices softened slightly.

On the Domestic Bond Market, Public Authority issued eased up to 0.55 pfennigs, with Bundesbank open market purchases and sales balanced.

Mark Foreign Loans were mixed.

## Switzerland

Most Swiss stock prices settled at slightly higher levels in quiet trading, although no new factors affected markets.

Pirelli and Italosuisse each firmed, while Elektrowatt rose SwFr 15 to SwFr 214.5 on its annual report. Oerlikon-Buehrle were neglected.

In otherwise higher Insurances, Zurich Bearer shed SwFr 150 to SwFr 13,300.

Sandoz Participation Certificates, Sulzer, Nestle, Von Roll, Ciba-Geigy Registered and Brown-Boveri Participation Certificates each rose in mostly higher leading Industrials. Swissair recovered SwFr 10 to SwFr 800 following its losses at the end of last week.

Domestic Bonds were steady, while Foreign Bonds were mixed. Dollar stocks traded narrowly mixed around last Friday's New York closing levels, while Dutch Internationals and German shares were steady.

## Amsterdam

Shares closed mixed to lower in quiet trading, with Philips and Akzo each slightly firmer in otherwise easier Dutch Internationals.

In lower Shippings, KNSM fell Fl 4.50 after disappointing first-half results. Banks were mainly higher. Bijenkorf gained Fl 3.1 to 73.8 on improved first-half profits.

In firmer Insurances, Amev and Amfas rose Fl 1 and Fl 0.60 respectively on higher first-half results. Nationale Nederlanden gained Fl 1.20 to Fl 116.5 ahead of results today. Ogem shed Fl 0.50 ahead of its figures. RSV fell Fl 1.20 to Fl 44.5.

State Loans tended easier where changed.

Turnover on the European Options Exchange fell to 747 contracts from 1,542 on Friday, due mainly to the holiday in the U.S., of which 661 were call and 86 were put options, the EOE said.

At the early close Royal Dutch were the most actively traded with 200 contracts followed by Philips with 176 and 113 contracts in Nationale Nederlanden.

Half-year reports from companies, many of which were favourable, failed to stimulate turnover but led to a rise in 70 per cent of the share prices in August.

Total turnover in the first eight months of 1979 fell to Fl 25.9bn from Fl 29.7bn in the same 1978 period.

## Brussels

Belgian share prices were mostly lower in moderate trading.

Cobepa, FN and Cometra each rose, while Lambert, Traction, Vieille Montagne, Hoboken, Cockerill, Acec, Wagon-Lits, Sodis, St. Roch, Tessenderloo and CBR each fell.

In Foreign stocks, UK and Germans were mixed, while Dutch and French were little changed. U.S. issues were higher. Gold Mines also were higher.

## Milan

The market closed easier over a broad front after the past week's gains in fairly active trading.

Pirelli put on L19 to 1,999 in otherwise depressed Industrials.

Bonds were narrowly mixed, in quieter trading.

## Australia

Leading Mining stocks, Oil Producers and Exploration Groups were in strong demand again, while some special sales added interest.

The Metals and Minerals Index rose 44.20 to 3,524.87, its highest since May 1971, and all Ordinaries firmed a third of a point as profit-taking clipped back prices of a number of stocks after last week's strong gains.

One of the strongest performers were Western Mining, which closed 15 cents higher at A$3.18, while Peko advanced 6 cents to 6.16.

Of the Oil and Gas stocks, Woodside Petroleum gained 6 cents to 1.19, Bridge 5 cents to 2.40, Magellan also 5 cents to 2.65 and AOD 7 cents to 38 cents.

Vamgas were up 4 cents to 2.10 on news of that more hydrocarbons had been located in the Ettendale No. 1 well in the Canning Basin.

News of an Iron Ore Sales Agreement between Brazil and Australia saw Hamersley rise 11 cents to 2.50.

South Australian Gas Producer Santos advanced 20 cents to 4.45, while Bank of New South Wales shed 10 cents to 10.15, CSR 5 cents to 2.95, CSR 8 cents to 4.15 and TNT 4 cents to 1.66.

Woolworths were down 6 cents to 1.43.

## Tokyo

Share prices closed slightly lower after fluctuating narrowly in lacklustre trading—Volume 160m shares.

Energy-Related issues were mixed, with liquidations alternating with "cheap" buying.

Limited gaines included Honda Motor, which rose Y7 to 597 on reports it revised upwards its business forecast for this year.

Arabian Oil put on Y50 to 3,300 and Mitsui Mining Y18 to 511, but Toa Nenryo fell Y17 to 920 and Nippon Mining shed Y4 to 240.

Export-Orientated issues and "Big-Capitals" closed lower with Pioneer down Y20 to 1,860, Matsushita Electric off Y3 to 667 and Hitachi shed Y2 to 255.

## Hong Kong

Prices closed slightly easier on a little selling in fairly quiet trading, despite the decision of the Interest Rate Sub-Committee of the Exchange Banks Association on Saturday to leave Prime and Deposit Rates unchanged.

The market has largely discounted the July Money Supply figures due soon, expected to show a further rise in credit expansion.

The Hang Seng Index eased 1.57 to 580.20.

*Among leaders*, **Hong Kong Bank** fell 20 cents to $HK13.50, **Hong Kong Electric** 2½ cents to 4.50, **Hong Kong Wharf** 7½ cents to 35.25, and **Swire Pacific** 5 cents to 8.00.

**Hong Kong Land** rose 10 cents to 8.60, and **Cheong Kong** 20 cents to 13.80, while **Jardine Matheson** were unchanged at 11.00.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
◆ DM 50 denom. unless otherwise stated, yields based on net dividends plus tax.
⊕ Pta 500 denom. unless otherwise stated.
♣ DKr 100 denom. unless otherwise stated.
○ SwFr 500 denom. and Bearer shares unless otherwise stated. ¶ Y50 denom. unless otherwise stated. ≠ Price at time of suspension. *a* Florins. *b* Schillings. *c* Cents. *d* Dividend after pending rights and/or scrip issue. *e* Per share. *f* Francs. *g* Gross div. %. *h* Assumed dividend after scrip and/or rights issue. *k* After local taxes. *m* % tax free. *n* Francs including Unilac div. *p* Nom. *q* Share split. *s* Div. and yield exclude special payment. *t* Indicated div. *u* Unofficial trading. *v* Minority holders only. *y* Merger pending. * Asked. † Bid. § Trade. ‡ Seller. *x* Assumed. *xr* Ex rights. *xd* Ex dividend. *xc* Ex scrip issue. *xa* Ex all. *A* Interim since increased.

# Indices

## NEW YORK—DOW JONES

| | Aug. 31 | Aug. 30 | Aug. 29 | Aug. 28 | Aug. 27 | Aug. 24 | 1979 High | 1979 Low | Since Compil'n High | Since Compil'n Low |
|---|---|---|---|---|---|---|---|---|---|---|
| ◆ Industr'ls | 887.55 | 885.70 | 884.80 | 884.64 | 885.41 | 880.20 | 887.55 (31/8) | 807.00 (27/2) | 1051.70 (11/73) | 41.22 (2/7/32) |
| H'me B'nds | 85.14 | 85.22 | 85.44 | 85.47 | 85.61 | 85.76 | 86.10 (15/8) | 82.82 (8/6) | — | — |
| Transport. | 266.41 | 267.04 | 268.46 | 269.38 | 270.11 | 268.60 | 271.77 (15/8) | 205.78 (27/2) | 279.88 (7/2/69) | 12.23 (8/7/32) |
| Utilities | 108.78 | 109.00 | 108.93 | 108.88 | 108.86 | 109.44 | 109.61 (23/8) | 98.51 (15/5) | 163.32 (20/4/69) | 10.58 (28/4/42) |
| Trading Vol 000's | 26,410 | 29,500 | 30,810 | 29,450 | 32,050 | 32,740 | — | — | — | — |

◆ Day's high 890.10 low 881.14

| | Aug. 17 | Aug. 10 | Aug. 3 | Year ago (approx) |
|---|---|---|---|---|
| Ind. div. yield % | 5.67 | 5.64 | 5.73 | 5.26 |

## STANDARD AND POORS

| | Aug. 31 | Aug. 30 | Aug. 29 | Aug. 28 | Aug. 27 | Aug. 24 | 1979 High | 1979 Low | Since Compil'n High | Since Compil'n Low |
|---|---|---|---|---|---|---|---|---|---|---|
| ‡Indust'ls | 121.57 | 121.14 | 121.05 | 121.58 | 121.09 | 120.44 | 121.57 (31/8) | 107.08 (27/2) | 134.64 (11/1/73) | 3.52 (30/6/32) |
| §Composite | 109.32 | 109.02 | 109.02 | 109.65 | 108.64 | 108.60 | 109.32 (31/8) | 96.13 (27/2) | 120.85 (11/1/73) | 4.40 (1/6/32) |

| | Aug. 22 | Aug. 15 | Aug. 8 | Year ago (approx) |
|---|---|---|---|---|
| Ind. div. yield % | 4.98 | 5.02 | 5.13 | 4.69 |
| Ind. P/E Ratio | 11.78 | 8.41 | 8.21 | 10.02 |
| Lond Gov. Bond Yield | 8.96 | 8.89 | 8.85 | 8.37 |

## N.Y.S.E. ALL COMMON

| Aug. 31 | Aug. 30 | Aug. 29 | Aug. 28 | 1979 High | 1979 Low |
|---|---|---|---|---|---|
| 62.40 | 62.20 | 62.18 | 62.16 | 62.40 (31/8) | 53.88 (27/2) |

Rises and Falls

| | Aug. 31 | Aug. 30 | Aug. 29 |
|---|---|---|---|
| Issues Traded | 1,847 | 1,867 | 1,860 |
| Rises | 849 | 702 | 713 |
| Falls | 568 | 716 | 733 |
| Unchanged | 430 | 449 | 414 |
| New Highs | — | 110 | 95 |
| New Lows | — | 6 | 5 |

| MONTREAL | Aug. 31 | Aug. 30 | Aug. 29 | Aug. 28 | 1979 High | 1979 Low |
|---|---|---|---|---|---|---|
| Industrial | 295.32 | 293.57 | 293.05 | 293.27 | 295.32 (31/8) | 219.19 (2/1) |
| Combined | 288.15 | 287.29 | 287.85 | 287.59 | 289.15 (31/8) | 225.80 (2/1) |
| TORONTO Composite | 1695.3 | 1678.7 | 1678.5 | 1678.66 | 1695.3 (31/8) | 1315.8 (2/1) |
| JOHANNESBURG Gold | 336.1 | 342.4 | 337.8 | 337.4 | 342.4 (28/8) | 228.4 (17.4) |
| Industrial | 347.3 | 346.5 | 345.8 | 345.9 | 347.3 (31/8) | 279.5 (2/1) |

## BASE LENDING RATES

| | | | |
|---|---|---|---|
| A.B.N. Bank | 14 % | ■ Hambros Bank | 14 % |
| Allied Irish Bank Ltd. | 14 % | ■ Hill Samuel | §14 % |
| Amro Bank | 14 % | C. Hoare & Co. | †14 % |
| American Express Bk. | 14 % | Julian S. Hodge | 15 % |
| Henry Ansbacher | 14 % | Hongkong & Shanghai | 14 % |
| A P Bank Ltd. | 14 % | Industrial Bk. of Scot. | 14½% |
| Associates Cap. Corp. | 14 % | Keyser Ullmann | 14 % |
| Banco de Bilbao | 14 % | Knowsley & Co. Ltd. | 15½% |
| Bank of Credit & Cmce. | 14 % | Lloyds Bank | 14 % |
| Bank of Cyprus | 14 % | London Mercantile | 14 % |
| Bank of N.S.W. | 14 % | Edward Manson & Co. | 15 % |
| Banque Belge Ltd. | 14 % | Midland Bank | 14 % |
| Banque du Rhone et de la Tamise S.A. | 14½% | ■ Samuel Montagu | 14 % |
| Barclays Bank | 14 % | ■ Morgan Grenfell | 14 % |
| Bremar Holdings Ltd. | 15 % | National Westminster | 14 % |
| Brit. Bank of Mid East | 14 % | Norwich General Trust | 14 % |
| ■ Brown Shipley | 14 % | P. S. Refson & Co. | 14 % |
| Canada Perm't Trust | 14 % | Rossminster | 14 % |
| Cayzer Ltd. | 14 % | Ryl. Bk. Canada (Ldn.) | 14 % |
| Cedar Holdings | 14 % | Schlesinger Limited | 14 % |
| ■ Charterhouse Japhet | 14 % | E. S. Schwab | 15 % |
| Choulartons | 14 % | Security Trust Co. Ltd. | 15 % |
| C. E. Coates | 14 % | Shenley Trust | 16 % |
| Consolidated Credits | 14 % | Standard Chartered | 14 % |
| Co-operative Bank | *14 % | Trade Dev. Bank | 14 % |
| Corinthian Secs. | 14 % | Trustee Savings Bank | 14 % |
| Credit Lyonnais | 14 % | Twentieth Century Bk. | 15 % |
| The Cyprus Popular Bk. | 14 % | United Bank of Kuwait | 14 % |
| Duncan Lawrie | 14 % | Whiteaway Laidlaw | 14½% |
| Eagil Trust | 14 % | Williams & Glyn's | 14 % |
| English Transcont. | 14 % | Yorkshire Bank | 14 % |
| First Nat. Fin. Corp. | 15½% | | |
| First Nat. Secs. Ltd. | 15½% | | |
| ■ Antony Gibbs | 14 % | | |
| Greyhound Guaranty | 14 % | | |
| Grindlays Bank | ‡14 % | | |
| ■ Guinness Mahon | 14 % | | |

■ Members of the Accepting Houses Committee.
* 7-day deposits 11½%, 1-month deposits 11¾%.
† 7-day deposits on sums of £10,000 and under 11½%, up to £25,000, 12% and over £25,000 12¼%.
‡ Call deposits over £1,000 11½%.
§ Demand deposits 11½%.

## EUROPEAN OPTIONS EXCHANGE

| Series | | | Oct. Vol. | Oct. Last | Jan. Vol. | Jan. Last | April Vol. | April Last | Stock |
|---|---|---|---|---|---|---|---|---|---|
| ABN | C | F.330 | 2 | 6.50 | — | — | — | — | F.335 |
| AKZ | C | F.25 | 5 | 5.50 | — | — | 1 | 6.50 | F.30.40 |
| AKZ | C | F.27.50 | 5 | 2.70 | — | — | 23 | — | " |
| AKZ | C | F.30 | 30 | 1 | 66 | 2.30 | — | 3.10 | " |
| AKZ | C | F.32.50 | — | — | 10 | 1 | 5 | — | " |
| AKZ | P | F.30 | — | — | — | — | — | 1.50 | " |
| AKZ | P | F.32.50 | — | — | 31 | 2.30 | — | — | " |
| ARB | C | F.75 | — | — | 2 | 2 | — | — | F.73.60 |
| HO | C | F.30 | 7 | 3 | — | — | — | — | F.32.30 |
| HO | C | F.32.50 | 10 | 0.80 | — | — | — | — | " |
| HO | C | F.35 | — | — | 6 | 0.80 | — | — | " |
| KLM | C | F.110 | 2 | 2.50 | 13 | 6.30 | — | — | F.105.60 |
| KLM | C | F.120 | 10 | 0.80 | 50 | 2.50 | — | — | " |
| KLM | P | F.120 | 1 | 13.50 | — | — | — | — | " |
| NN | C | F.100 | — | — | 10 | 18.80 | — | — | F.116.50 |
| NN | C | F.110 | 77 | 7.70 | 3 | 9.50 | — | — | " |
| NN | C | F.120 | 10 | 0.70 | 11 | 2.70 | 2 | 3.50 | " |
| PET | C | Fr.50.00 | 3 | 3.40 | — | — | — | — | Fr.50.30 |
| PET | C | Fr.55.00 | 2 | 110 | 1 | 300 | 3 | 400 | " |
| PHI | C | F.22.50 | 20 | 1.70 | — | — | 2 | 5 | F.23.90 |
| PHI | C | F.25 | 42 | 0.40 | 23 | 1 | 76 | 1.40 | " |
| PHI | P | F.25 | 30 | 1.10 | — | — | 7 | 1.30 | " |
| RD | C | F.145 | 11 | 6.10 | — | — | — | — | F.150.30 |
| RD | C | F.150 | 21 | 2.60 | 52 | 5 | 8 | 7.20 | " |
| RD | C | F.160 | 10 | 0.60 | 33 | 2.10 | — | — | " |
| RD | C | F.140 | 10 | 0.80 | — | — | — | — | " |
| RD | P | F.145 | 2 | 2.70 | — | — | — | — | " |

TOTAL VOLUME IN CONTRACTS 747
C=Call P=Put

هكذا من الأصل

مكتب الأهرام



# COMMODITIES AND AGRICULTURE

## Brazil iron ore exports set to rise

RIO DE JANEIRO—Cia Vale do Rio Doce said it expects to export 63m tonnes of iron ore this calendar year, worth over $1bn, compared with 51m tonnes last year, worth $794m.

The company said exports in the first eight months of this year totalled a record 39.2m tonnes, including shipments of associated companies, against 35.9m in the same period last year. The August total of 6.9m tonnes of exports was a monthly record.

In Sydney meanwhile, it was claimed that Australia had not entered into any formal agreement with Brazil on sales of iron ore to third countries. A spokesman for the Department of Trade and Natural Resources was responding to newspaper claims which said the two countries had agreed to co-operate in the marketing of iron ore to Japan and Europe.

The spokesman said such co-operation was at an advice and information level rather than an actual pooling of marketing resources.

He noted similar co-operation in the marketing of several other commodities such as sugar and wheat. But there was no formal accord between the two countries on sales of iron ore or any other commodity to third countries, he said.

Reuter

## Good Ivory Coast cocoa crop expected

ABIDJAN—The Ivory Coast's 1979-80 cocoa crop is expected to be a fairly good one, with production at about 300,000 to 310,000 tonnes, according to local traders.

They said the 1978-79 crop was expected to reach 317,000 tonnes by the end of the season on September 30. By the end of August 315,000 tonnes had been purchased by the country's cocoa Marketing Board.

Cocoa exports during the 1978 financial year totalled 244,009 tonnes, worth almost CFAFr 161bn, the Ivory Coast Chamber of Agriculture said.

Traders said because of persistent low prices on world markets, the country had withdrawn from forward selling of 1979-80 crop last March.

Reuter

## Silver surge leads rise in metal markets

BY JOHN EDWARDS, COMMODITIES EDITOR

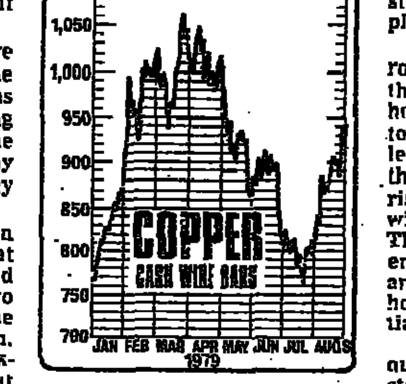
SILVER LED a general upsurge in the metal markets yesterday. The rise in silver prices to a record level, with the three months quotation breaking through 500p an ounce for the first time ever, took the market by surprise after the apparent setback on Friday.

However, despite the closure of the U.S. markets for the Labour Day holiday, there was unexpectedly strong buying demand triggered off by the sharp rise in the U.S. on Friday accelerated by pre-holiday covering of previous sales.

On the London bullion market, the spot quotation at the morning fixing was raised by a huge 26.25p an ounce to 484.50p an ounce. Despite some profit-taking in the afternoon, cash silver on the Metal Exchange closed 20.55p up at 486.3p.

The rise in silver and gold, boosted buying interest in copper, as did another fall in warehouse stocks and a tightening in the nearby supply situation. Cash wirebars gained £16 to £940.5 a tonne, widening the premium over the three months quotation to £11.

Warehouse stocks of copper fell by 2,275 tonnes reducing total holdings to 180,850 tonnes.




But the shortage available to the market is largely technical as a result of nearby supplies being held by one or two leading dealers.

An unexpected fall in tin tin stocks—down by 645 to 4,195 tonnes—helped lift the cash price by £105 to £6,885 a tonne, over £80 above the three months quotation which gained only £60. The upturn was also encouraged by rise in the Penang market over the weekend with demand sufficiently strong to offset a rise in supplies to the smelters.

Paradoxically, lead prices rose strongly despite a bigger than expected rise in warehouse stocks, up by 850 to a total of 26,175 tonnes. Cash lead, in fact, gained ground on the three month quotation rising by £27 to £576 a tonne, widening its premium to £6.5. The market was heavily influenced by the trend in silver and copper, as well as by some heavy buying from one influential quarter.

Other metals moved up in quiet trading conditions. Nickel stocks rose once again by 114 to 8,354 tonnes, but the cash price rose while the three months quotation fell. Zinc stocks fell by 1,950 to 52,975 tonnes and aluminium by 500 to 14,850 tonnes. LME silver holdings declined by 140,000 to 16,720,000 ounces.

## Western doubts stall UN fund

BY BRIJ KHINDARIA IN GENEVA

PLANS TO create a new financial fund to stabilise major world commodity prices and to promote Third World commodity exports have run into difficulties because of Western reservations about how much say developing countries should have in running the fund.

A special committee began two-week negotiations here yesterday to settle remaining differences among commodity producing and consuming countries. The aim is to clear the way for establishment of the multi-million dollar fund, whose main elements were agreed at a major conference in Geneva earlier this year.

Since that agreement, further problems have appeared, because Western countries failed to announce contributions to the fund at the United Nations' Conference on Trade and Development (UNCTAD) in Manilla last May. Instead, they expressed new reservations.

The fund, has agreed so far, is to have an initial capital of $470m, of which $220m will be contributed in cash. The rest would be made available by Governments if needed.

The fund is to be divided into two accounts. The first, containing at least $400m, will be used to provide money to separate international commodity arrangements which will operate reserve stock systems to stabilise prices within agreed maximum and minimum levels.

The main disputes now concern the fund's second account, which would be used to finance research and development to promote Third World commodity exports.

The key argument is expected to centre on the share-out of votes among the fund's members. The developing countries want to have a larger number of votes collectively than the industrialised nations.

## U.S. blocks Canadian tuna

WASHINGTON — The U.S. customs service is turning back all shipments of tuna and tuna products from Canada to protests at the Canadian seizure of 19 U.S. tuna fishing vessels, reports AP-Dow Jones.

Canada contends the U.S. vessels, seized off the northwest coast of British Columbia were violating Canadian waters in their search for Albacore tuna.

The U.S. argues that Canada's jurisdiction does not apply

## Harvest two weeks late

By Our Commodities Staff

FARMERS IN south and south eastern England are now halfway through the grain harvest, the National Farmers' Union reported, although work is two weeks behind schedule.

Yields have been average so far but quality has been variable with a moisture content of 18 per cent to 20 per cent in some crops, particularly in Kent.

## Hurricane aftermath lifts sugar

By Our Commodities Staff

REPORTS THAT hurricane David had done "catastrophic" damage to the Dominican Republic's sugar crop boosted world sugar values sharply yesterday. The December position on the London futures market ended the day £2.05 up at £118.65 a tonne.

Official reports said the hurricane had wiped out 60 per cent. of the Republic's crop but London traders said they were not sure if this referred only to growing cane or whether silo stocks were also affected.

They said the rise was also influenced by London broker E. D. and F. Man's forecast of a 2m to 3m tonnes world production deficit for the 1979-80 crop year after taking account of revised statistics from China.

Man predicted that world-wide production in 1979-80 would be down by around 2m tonnes to 88.3m with China expected to show a reduction in both production and consumption.

It estimated Chinese production at 2.68m tonnes in 1978-79 against 2.61m in the previous year.

Australian sources in Peking forecast meanwhile, that China will import about 1.5m tonnes of sugar this year compared with 1.2m last year.

## India may cancel rubber imports

BOMBAY — The Indian Government is considering cancelling further imports of natural rubber due to high prices, Mr. Henry Austin, Minister of State for Commerce and Civil Supplies, said here.

The Government announced last June it would import 45,000 tonnes of rubber during the year to March 1980 to bridge the gap between domestic production and demand.

He said 15,000 tonnes had already been imported and contracts entered for another 15,000 tonnes, but due to high prices it is now proposed to cancel the balance quantity of 15,000 tonnes.

Mr. Austin said the imported rubber cost Rs 12,200 to 12,700 per tonne, which was Rs 2,000 per tonne higher than the domestic rubber cost.

No decision had been taken by the Government on subsidising imported rubber, he said.

Reuter

INDIA

## Oil crisis cheers jute industry

BY P. C. MAHANTI IN CALCUTTA

THE INDIAN jute industry's prospects improve with each OPEC oil price rise. The industry to-day is full of optimism, in marked contrast to the despair it displayed only a few months ago when a 50-day strike and an expensive wage settlement apparently destroyed all chance of short-term recovery.

According to the industry, synthetics are now appreciably dearer everywhere than the landed cost of jute goods in the countries concerned, and this is the main reason behind the current upsurge in Indian jute goods prices—now at record highs. If reports are correct, the Indian Commerce Ministry has been thinking of withdraw ing export subsidies for some items, especially hessian. Indian jute goods are now more competitive against synthetics than ever but the fall of the Government has perhaps delayed a decision.

Mindful of past experience, however, experts wonder whether the prosperity will last, and if so, for how long. The jute industry has never maintained equilibrium for long.

The current optimism in the industry, however, stems primarily from two factors. First, the oil price is expected to rise further, which could seal the fate of rival synthetics already struggling to contain costs pressures. Jute will remain a cheap packaging material and cost fluctuations in the industry can be controlled.

Secondly, the domestic market is expanding rapidly. It is already claiming a major slice of production and in 1978, for example, domestic offtake reached 760,000 tonnes out of a total output of 1.2m tonnes. In the previous year, home consumption was 660,000 tonnes.

This year domestic consumption of Indian jute goods would have risen still higher but for a decision to import 45,000 tonnes of sacking from Bangladesh to meet urgent demands of the Food Corporation of India and packaging requirements of fertiliser, cement and other industries.

With rapid expansion of the cement and fertiliser industries now planned, and India having reaped another bumper harvest this year, the internal demand for gunnies will certainly rise faster. In fact, some jute producers talk of India becoming a residual exporter in the next decade or two.

Whether the domestic market alone could support the industry is debatable but there is no doubt it will impart a high degree of stability. The industry's profitability so far has been ensured by exports—especially of high value products like carpet-backing and hessian—and those will remain the most profitable elements in the industry's product-mix whatever the change.

With international demand broadening for these categories of jute goods, industry strategists think it would be foolish for manufacturers not to try and expand their footing abroad.

The industry claims to have an installed capacity of 1.3m tonnes, which could be reached with the help and encouragement it has been receiving from the West Bengal State and Central Governments.

Generators imported with a generous subsidy from the State have eliminated power problems at the mills.

An adequate raw material supply despite the severe damage to the crop in West Bengal due to the prolonged drought during last April and May. Because of the ample carryover stock of 2m bales from the previous season's 8m bales bumper crop will easily overcome drought damage this year in West Bengal and experts say that even if the crop this year falls to around 5.5m bales, no real shortage is likely this season.

The industry's strike and power difficulties early this year reduced capacity and, ironically helped save the raw material needed now.

Unfortunately, industry modernisation, research and development is never talked about during a time of prosperity. A Government scheme under which the industry can borrow funds for modernisation and diversification at a relatively low rate of interest has evoked little interest. The industry seems too used to export subsidies to develop a spirit of self-reliance.

## Abattoirs blamed for tough meat

BY CHRISTOPHER PARKES

THE FAULTS which lead to meat going off quickly or to a Sunday roast turning out tough, dry and tasteless lie with the slaughterhouse rather than on the farm or the butcher's slab.

A team led by Dr. Douglas Rhodes at the Agricultural Research Council's Meat Research Institute has concluded that the breed of an animal, its sex, diet and fat content "contribute very little to the texture, juiciness and flavour of the cooked product."

Their conclusion followed the examination of more than 500 beef carcases of known production history, and has prompted them to concentrate their future work on investigating pre-slaughter treatment of the animals and the handling of the carcasses.

"The more carefully and the less you handle an animal the better off you are," Dr. Rhodes said yesterday.

Reducing the time between leaving the farm and slaughter and minimising handling helped improve quality and also increased the humanity of the process, he said.

Immediately after slaughter care should be taken not to cool the carcase too quickly, or the muscle fibres would shorten and the meat become tough.

The toughening could be reduced, however, by passing electricity through the carcase in a process developed in New Zealand, he said.

Pre-slaughter stress is also evident in dark coloured beef and pork which did not keep well.

Pork handled in modern abattoirs also tended to drip and lose moisture. Apart from the consequent dryness and loss of valuable weight, the loss also made the pork unsuitable for good quality ham, Dr. Rhodes claimed.

# BRITISH COMMODITY MARKETS

## BASE METALS

COPPER—Gained ground on the London Metal Exchange in active trading despite the closure of Comex. Forward metal opened at £918 and gradually moved ahead to touch £932 before closing the late kerb at £926. The rise in prices was spurred by the sharp gains in silver and gold which prompted trade buying and fresh buying. There was also a strong demand for cash material which widened the backwardation to around £12. Turnover, 18,750 tonnes.

| COPPER | a.m. Official | + or — | p.m. Unofficial | + or — |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Wirebars | | | | |
| Cash | 941-2 | +15 | 940-1 | +16 |
| 3 months | 929.5-30 | +16 | 929-30 | +10.2 |
| Settlem't | 943 | +15 | — | ...... |
| Cathodes | | | | |
| Cash | 904-5 | +16 | 905-5 | +15 |
| 3 months | 907-8 | +8.25 | 906-8 | +8 |
| Settlem't | 905 | +18 | — | ...... |
| U.S. Smt. | — | ...... | *84-87½ | ...... |

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £940, 41, 42, three months £925, 26, 28, 29, 29.5, 30, 29.5. Cathodes: cash £903, 4, three months £908. Kerbs: Wirebars three months £931, 32, 31. Afternoon: Wirebars cash £941, three months £932, 30, 29 28 30, 30.5, 30, 29, 29.5. Kerbs: Wirebars three months £929, 28.5, 28, 27, 26.

TIN—Higher as a sharp rise at Penang, a larger than expected stocks decline and the strength of copper saw forward metal rise from £6,780 to the day's high of £6,840 before profit-taking pared the price to £6,790 on the late kerb. Chartist buying was triggered as the price moved through £6,800. The stocks decline and continuing transport problems at Rotterdam encouraged strong bidding for cash and widened the backwardation to around £100 at one point although it narrowed to around £70 on the latat kerb. Turnover 975 tonnes.

| TIN | a.m. Official | + or — | p.m. Unofficial | + or — |
|---|---|---|---|---|
| High Grade | £ | £ | £ | £ |
| Cash | 6985-25 | +157 | 6880-90 | +105 |
| 3 months | 6825-40 | +80 | 6830-5 | +72.5 |
| Settlem't | 6925 | +145 | — | ...... |
| Standard | | | | |
| Cash | 6905-25 | +167 | 6880-90 | +105 |
| 3 months | 6815-20 | +80 | 6800-5 | +80 |
| Settlem't | 6925 | +145 | — | ...... |
| Straits. E. | $1940 | +25 | — | ...... |
| New York | — | ...... | — | ...... |

Morning: Standard early September £6,900, late September £6,890, three months £6,820, 25, 30, 25, 20, 30, 40, 30, 25, 10, 15. Kerbs: Standard three months £6,800, 05. Afternoon: Standard three months £6,785, 90, 88, 80, 90, 85, 90, 6,810, 20, 10, 6,800. Kerbs: Standard three months £6,810, 6,800, 6,790, 80.

LEAD—Firmer reflecting the sharp rises in other base-metals. Forward metal opened higher at £562 and continued to move ahead throughout the day despite an unexpected rise in stocks. Forward material reached the day's high of £570 on the morning kerb but eased in the afternoon owing to profit-taking and dealer selling to close the late kerb at £564. Turnover 9,800 tonnes.

| LEAD | a.m. Official | + or — | p.m. Unoffici'l | + or — |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Cash | 571-2 | +28 | 575-7 | +27 |
| 3 months | 566-7 | +23 | 569-70 | +21 |
| S'ment | 572 | +28 | — | ...... |
| U.S. Spot | — | ...... | *56-62 | ...... |

Morning: cash £569, 70, three months £561, 63, 61, 62, 64, 65, 66. Kerbs: three months £566, 67, 69, 70, 71, 70. Afternoon: three months £567, 68.5, 70, 68, 67, 68, 69. Kerbs: three months: £569, 68, 65, 64, 65.

ZINC—Edged higher in fairly quiet trading with the market influenced by the firmness of silver, copper and lead. Forward metal opened around £317 and rose to £324 prior to closing the late kerb at £322. Turnover 2,825 tonnes.

| ZINC | a.m. Official | + or — | p.m. Unoffici'l | + or — |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Cash | 313-4 | +8 | 313.5-5 | +5.25 |
| 3 months | 322-5 | +1.75 | 321.5-3 | +4 |
| S'ment | 314 | +8 | — | ...... |
| Prim w'st | — | ...... | *39.5 | ...... |

Morning: cash £315, 314, 13, 14, three months £319, 20, 21, 22, 25, 23, 22. Kerbs: three months £323, 24. Afternoon: three months £323, 22.5, 22. Kerbs: three months £321, 22, 21.

ALUMINIUM — Quietly steady with the market being sustained by the strong gains in other metals. Forward metal opened at £690 and moved up to £695 before closing the late kerb at £693.5. Turnover 1,200 tonnes.

| Alumn'm | a.m. Official | + or — | p.m. Unoffici'l | + or — |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Spot | 698-700 | +4 | 696-8 | +2 |
| 3 months | 694-500 | +5.5 | 692-3 | +1 |

Morning: three months £695, 93, 94. Afternoon: cash £695, three months £692, 90, 92.

NICKEL—Marginally easier for forward metal although a technical shortage saw cash material gain ground. Forward metal moved narrowly, opening at £2,650 and edging up to close the late kerb at £2,675. Turnover 276 tonnes.

| NICKEL | a.m. Official | + or — | p.m. Unoffici'l | + or — |
|---|---|---|---|---|
| Spot | 2610-20 | +50 | 2620-30 | +35 |
| 3 months | 2650-70 | +25 | 2550-60 | —5 |

Morning: cash £2,620, 10, three months £2,660. Afternoon: early September £2,610, three months £2,660.

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

## SILVER

Silver was fixed 26.25p an ounce for spot delivery in the London bullion market yesterday, at 484.50p. U.S. cents equivalents of the fixing levels were: spot 1080.5c, up 58.5c; three-month 1116.4c, up 58.9c; six-month 1135.7c, up 61.6c; and 12-month 1175.2c, up 63.5c. The metal opened at 468½-469½p (1054-1057c) and closed at 484¾-485¾p (1090-1092c).

| SILVER per troy oz. | Bullion fixing price | + or — | L.M.E. close | + or — |
|---|---|---|---|---|
| Spot | 484.50p | +26.2 | 485.5p | +20.8 |
| 3 months | 498.25p | +27.2 | 500.5p | +22.2 |
| 6 months | 509.25p | +28.0 | — | ...... |
| 12months | 531.00p | +28.1 | — | ...... |

LME—Turnover 374 (527) lots of 10,000 oz. Morning: Cash 485.5. Three months 491.5, 91, 90.5, 90, 90.3, 90.5, 90.7, 96, 97, 98, 98.5, 99, 99.5, 500, 501, 500.5, 500.3, 500.2, 500. Kerbs: Three months 500, 500.5. Afternoon: Cash untraded. Three months 500, 500.5, 499.5, 99, 98.5, 99, 99.5, 500, 500.2, 500, 500.1. Kerbs: Three months 499.5, 99.3, 99.2, 99, 99.2, 99, 98.5, 98.8, 98.7, 98.5.

## WOOL FUTURES

SYDNEY GREASY—Close (in order buyer, seller, business, sales). Micron Contract: Oct. 406.0, 406.5, untraded, untraded; Dec. 413.0, 414.0, 415.5-413.0, 16; March 420.5, 421.0, 422.0-420.5, 49; May 422.0, 423.0, 424.0-422.0, 31; July 424.0, 424.5, 425.0-424.0, 8; Oct. 425.0, 426.0, 426.0-426.0, 3; Dec. 427.0, 427.5, 428.0-427.0, 3; March 429.5, 430.0, 430.0-430.0, 5. Sales 112.

BRADFORD—Dealers said prices are little changed and the market was fairly depressed. With the retail trade tending to start price cutting in textiles the impression is that there is not much chance of an early improvement in demand in the near future.

London greasy — Close (in order buyer, seller only). Oct. 213.0, 33.0; Dec. 219.0, 35.0; Mar./May/July/Oct./Dec./Mar all 226.0, 38.0. New Zealand Crossbreds—Close (in order buyer, seller only). Oct. 178.0, 83.0; Dec. 180.0, 85.0; Mar. 181.0, 91.0; May/July/Oct./Dec./Mar all 181.0, 93.0.

## COCOA

Cocoa futures were barely steady throughout a featureless day with earlier gains pared in late dealings, reported Gill and Duffus.

| COCOA | Yesterday's Close | + or — | Business Done |
|---|---|---|---|
| Sept. | 1521-1522 | −5.0 | 1537-1520 |
| Dec. | 1591-1592 | −5.0 | 1605-1585 |
| March | 1435-1436 | −5.0 | 1446-1433 |
| May | 1460-1463 | −5.0 | 1475-1460 |
| July | 1480-1485 | −9.0 | 1490-1480 |
| Sep | 1502-1510 | −15.5 | 1507-1506 |
| Dec | 1535-1560 | −16.5 | 1550-1546 |

Sales: 1,583 (3,523) lots of 10 tonnes.

International Cocoa Organisation (U.S. cents per pound): Daily price Aug. 31 141.21 (139.92); Indicator price for Sept. 3. 15-day average 142.96 (142.72); 22-day average 142.22 (142.26).

## COFFEE

Robustas opened around unchanged in steady conditions reports Drexel Burnham and Lambert. Heavy trade selling prompted a sharp decline as prices registered losses of up to £60 before staging a spirited recovery at the midday call as earlier sellers turned buyers. The afternoon session again subsided under heavy selling from one quarter to be held at the lows till again sellers turned buyers to finish barely unchanged values.

| COFFEE | Yesterdays Close | + or — | Business Done |
|---|---|---|---|
| | £ per tonne | | |
| September | 1790-91 | −8.50 | 1805-1767 |
| November | 1845-50 | −3.56 | 1856-05 |
| January | 1850-58 | −5.56 | 1873-10 |
| March | 1829-32 | −6.50 | 1835-1,75 |
| May | 1824-25 | +3.50 | 1830-1765 |
| July | 1786-02 | −20.0 | — |
| Sept. | 1770-1700 | −22.5 | — |

Sales: 12,027 (3,029) lots of 5 tonnes.

ICS indicator prices for August 31 (cents per pound): Other Mild Arabicas 204.67 (204.33). Robustas ICA 1976 189.88 (same). ICA 1968 190.13 (same). Colombian Mild Arabicas 217.00 (same). Unwashed Arabicas 208.00 (same). Com. daily ICA 1968 202.99 (202.93).

## GRAINS

The market opened 25 higher and found outstanding commercial buying. In the morning session there was strong country hedge selling but after this was well absorbed there was large scale short-covering and all departments met strong buying. Profit-takers abounded during both sessions and with both spot options extremely firm the market closed fully steady between 80-90 points higher in heavy volume, reported Acli.

| | WHEAT | | BARLEY | |
|---|---|---|---|---|
| M'nth | Yesterd'ys close | + or — | Yesterdys close | + or — |
| Sept. | 92.98 | +0.90 | 89.40 | +0.50 |
| Nov | 96.60 | +0.70 | 92.90 | +0.75 |
| Jan | 100.80 | +0.80 | 97.00 | +0.85 |
| Mar | 104.10 | +0.65 | 100.35 | +0.80 |
| May | 107.36 | +0.70 | 103.55 | +0.85 |

Business done—Wheat: Sept. 92.95-92.45, Nov. 96.65-96.15, Jan. 100.85-100.40, March 104.20-103.70, May 107.35-107.00. Sales 438. Barley: Sept. 89.40-88.75, Nov. 92.90-92.50, Jan. 97.00-96.60, March 100.40-100.05, May 103.50-103.20. Sales 469.

HGCA—Locational ex farm spot prices. Feed Barley: Eastern 92.00, E. Midlands 83.30, N. East 84.10, Scotland 86.30. Other Milling Wheat: Eastern 92.20, E. Midlands 91.30, N. East 91.40.

The UK Monetary Coefficient for the week beginning Sept. 10 is expected to decrease to 1.023.

IMPORTED—Wheat: CWRS No. 1 13½ per cent unquoted. U.S. Dark Northern Spring No. 2 14 per cent Sept. 98.50, Oct. 99.25 transhipment East Coast. U.S. Hard Winter 13½ per cent Sept. 104 transhipment East Coast. EEC unquoted. Maize: U.S./French Sept. 105.50 transhipment East Coast S. African White/Yellow Sept./Oct. 82.50 nominal. Barley: English feed fob Oct./Dec. 95.00 nominal East Coast. Sorghum: U.S./Argentine unquoted. Oats: Scandinavian feed unquoted.

MARK LANE—Market extremely active with lack of selling offers. Consumer interest improving. Nominal values: Milling wheat delivered London, Sept. £95.00, Oct./Dec. £101.00, Jan/Mar £107.00. Denaturable quality wheat delivered East Anglia: Sept. £93.00, Oct/Dec £98.00, Jan/Mar £103.25. Barley delivered East Anglia; Sept. £92.00, Oct/Dec £94.50, Jan/Mar £100.00.

## RUBBER

The London physical market opened little changed with fair interest throughout the day, closing on a steadier note. Lewis and Peat reported a Malaysian godown price of 273 (same) cents a kilo (buyer, September).

| No. 1 R.S.S. | Yesterd'ys Close | Previous Close | Business Done |
|---|---|---|---|
| Sept. | 57.20-58.00 | 57.10-57.20 | — |
| Oct. | 58.00-58.50 | 57.60-58.80 | — |
| Oct-Dec | 58.20-58.55 | 57.75-57.80 | 58.20-57.50 |
| Jan-Mar | 61.25-61.50 | 60.55-60.70 | 61.25-60.40 |
| Apr-Jne | 65.55-65.60 | 62.85-62.95 | 65.55-62.60 |
| Jly-Sept | 66.00-66.05 | 65.55-65.40 | 66.10-65.20 |
| Oct-Dec | 69.80-69.85 | 67.85-68.00 | 69.80-67.90 |
| Jan-Mar | 71.55-71.40 | 70.50-70.55 | 70.50 |
| Apr-Jne | 74.00-74.05 | 73.10-73.15 | 74.00 |

Sales: 160 (231) at 15 tonnes.

Physical closing prices (buyer) were: Spot 58.50p (58.25p); Oct. 61.00p (60.50p); Nov. 61.75p (61.25p).

## SOYABEAN MEAL

The London market opened around unchanged and on very thin trading remained around these levels all day, reported T. G. Roddick. The cash market remained quiet.

| | Yest'rd'y Close | + or — | Business Done |
|---|---|---|---|
| | £ per tonne | | |
| October | 112.70-13.0 | +0.40 | 112.50 |
| December | 116.60-17.0 | +0.40 | 116.50 |
| February | 119.50-19.7 | +0.5 | 119.50 |
| April | 120.50-21.8 | +0.50 | — |
| June | 121.00-23.5 | +1.00 | — |
| August | 122.00-25.5 | +1.00 | — |

Sales: 24 (115) lots of 100 tonnes.

## SUGAR

LONDON DAILY PRICE (raw sugar): £109.00 (£107.00) a tonne cif for Aug.-Sept.-Oct. shipments. White sugar daily price was £116.00 (£115.00).

Reports by San Domingo of catastrophic damage to its crop from Hurricane David caused the market to open 300 points above pre-weekend levels. Buyers continued to press and further gains of around 175 points were recorded during the morning. Later, however, heavier offerings developed at the highs and prices had fallen back some 100 points by the close, reported C. Czarnikow.

| Sugar Pref. Comm. Con. | Yesterday's Close | Previous Close | Business Done |
|---|---|---|---|
| | £ per tonne | | |
| Oct. | 114.40-14.60 | 112.80-13.00 | 116.60-11.75 |
| Dec. | 118.60-18.70 | 116.50-16.70 | 120.00-16.50 |
| March | 124.30-24.40 | 122.00-22.70 | 125.75-21.75 |
| May | 128.75-28.85 | 125.60-25.70 | 128.75-25.75 |
| Aug. | 130.50-30.85 | 129.00-30.00 | 131.25-31.00 |
| Oct. | 134.25-34.50 | 133.50-34.00 | 134.50-34.00 |

Sales: 3,372 (5,911) lots of 5 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £297.55 (same) a tonne for home trade and £177.50 (£178.50) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Prices for August 31. Daily price 9.50 (9.29); 15-day average 8.99 (8.95).

WHITE SUGAR—Close (in order buyer, seller, business, sales): Nov. 118.00, 118.25, 119.00-118.00, 40; Feb. 123.50, 124.80, 125.00-123.50, 82; April 127.75, 128.00, 128.50-128.00, 15; July 131.50, 132.00, nil; Sept. 135.50, 137.50, nil; Nov. 137.50, 142.00, 138.40-138.25, 78; Feb. 142.50, 145.00, 144.00-143.50, 75. Sales: 288.

## PRICE CHANGES

In tonnes unless otherwise stated.

| | Sept. 3 1979 | + or — | Month ago |
|---|---|---|---|
| Metals | | | |
| Aluminium | £710/50 | ........ | £710/50 |
| Free Mkt (es) | $1545/65 | ........ | $1525/45 |
| Copper | | | |
| Cash w'bar | £940.5 | +16.0 | £838.5 |
| 3 mths „ | £929.5 | +10.25 | £847.75 |
| Cash Cathode | £904.0 | +15.0 | £812.5 |
| 3 mths „ | £906.5 | +8.0 | £831 |
| Gold troy oz. | $322.875 | +6.50 | $282.125 |
| Lead cash | £547.5 | +15.5 | £549 |
| 3 mths | £576 | +27.0 | £541.5 |
| Nickel | £2854 | ........ | £2,854 |
| Freemkt cif lb | 250/270c | ........ | 255/275c |
| Platin'mtr'y oz | £172.50 | ........ | £155.5 |
| Free mkt | £192.00 | +2.45 | £168.30 |
| Quicksil'ver | $300/320 | ........ | $290/310 |
| Silver troy oz | 484.50p | +26.25 | 390.20p |
| 3 months | 498.25p | +27.25 | 399.80p |
| Tin Cash | £6,885 | +105 | £6,550 |
| 3 mths | £6,802.5 | +60 | £6,555 |
| Tungsten | $143.12 | ........ | $143.12 |
| Wolfrm 22.04 cif | $144/149 | ........ | $135/142 |
| Zinc cash | £314.25 | +5.25 | £303.5 |
| 3 months | £322.25 | +4.0 | £315.5 |
| Producers | $780 | ........ | $780 |
| Oils | | | |
| Coconut (Phil) | $995w | ........ | $1,060 |
| Groundnut | ‡ | ........ | ‡ |
| Linseed Crude | £415 | ........ | £393 |
| Palm Malayan | $646x | −5.0 | $655 |
| Seeds | | | |
| Copra Philip | $665 | ........ | $710 |
| Soyabean (U.S.) | $300.50 | −10.00 | $317.5 |
| Grains | | | |
| Barley Futures | £92.90 | +0.75 | £90.80 |
| Maize | | | |
| French No3AM | £109.50s | ........ | £107.0 |
| Wheat | | | |
| No. 1 Red Spg. | ‡ | ........ | £93.50 |
| No2HardWint. | £104.00t | +0.50 | £95.60 |
| Eng. Milling† | £95.00t | ........ | ‡ |
| Other commodities | | | |
| Cocoa ship't | £1,472 | −25.50 | £1,491.5 |
| Future Dec. | £1,391.58 | −5.0 | £1,471 |
| Coffee F't'r Nov | £1,849 | −2.0 | £1,693 |
| Cotton A.Index | 78.85c | +15.0 | 76.85c |
| Rubber (kilo) | 56.50p | +0.25 | 57.0p |
| Sugar (Raw) | £109.00 | +2.0 | £99.0 |
| Wooltp's 64s kl | 270p | ........ | 263p |

* Nominal. † New crop. ‡ Unquoted. s Aug.-Sept. t Sept. w Sept.-Oct. x Oct. y Oct.-Nov. z Indicator. § Buyer.

## TEA AUCTION

LONDON—49,534 packages were on offer in yesterday's auction. The few clean, brighter North Indians sold well but plainer kinds shed 2p to 5p. Good and medium Africans were often 5p to 10p lower. Mozambiques were generally 3p to 5p easier. Brighter Sri Lanka teas sold well but poor leaf sorts were neglected. Quotations:—Quality 130p per kilo (140p): Medium 102p (110p): Plain 62p (64p).

## COTTON

LIVERPOOL—Spot and shipment sales amounted to 328 tonnes. Sale uptake with renewed interest in Middle Eastern qualities. Occasional support came in African growths.

## MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 62.0-66.0, Eire hd. qtrs. 74.0-78.0, F. qtrs. 42.0-44.0. Veal: Dutch Hinds and Ends 99.0-102.0. Lamb: English Small 50.0-60.0. Medium 50.5-59.0. Scotch Medium 50.0-58.0. Imported Frozens: NZ PL 48.5-49.5, PM 48.0-48.5. Pork: English, under 100 lb 38.0-46.0, 100-120 lb 38.0-44.0, 120-160 lb 36.0-43.0. Grouse: Young best each 250.0-350.0.

MEAT COMMISSION—Average fatstock prices at representative markets on Sept. 3: GB cattle 78.77p per kg.l.w. (−1.40). UK sheep 137.0p per kg.est. d.c.w. (−2.5). GB pigs 63.8p per kg.l.w. (+1.0). England and Wales: Cattle numbers no comparison per cent, average price 78.87p (−1.88): Sheep numbers no comparison, average price 138.6p (−2.8); Pig numbers no comparison, average price 63.8p (+1.1). Scotland: Cattle numbers down 5.2 per cent, average price 79.34p (−1.07): Sheep numbers up 25.0 per cent, average price 129.8p (−4.5): Pig numbers up 37.9 per cent, average price 63.9p (−2.0).

COVENT GARDEN—Prices in sterling per package except where otherwise stated. Imported Produce: Oranges—South African: Valencias 4.00-4.85, Navels/Proteas 3.80-4.30; Brazilian 2.50. Lemons—Italian: 100/150s 6.50. Apples—French: Golden Delicious, new crop, boxes 40 lb 160/175 3.80; 20 lb 1.80-2.00; Tasmanian: Sturmer Pippin 3.00, Granny Smith 3.50, Croftons 4.00. Pears—Spanish: Williams per lb 0.14. French: Williams 28 lb 3.10-3.20; Italian: Williams per lb 0.16-0.19. Plums—French: Gages 0.15, Stanleys 9 kilos 2.50. Italian. Giant Prunes 2.50. Grapes—Cyprus. Sultana 0.26, Thompson 0.30, Alphonse 0.25. Rozaki 0.22. Italian: Regina 10 lb 1.70-2.00. Nectarines—Italian: C'B/As 4.50-6.50; French. Alphonse per lb 0.20. Bananas—Jamaican: Per 28 lb 4.50. Avocados—South African. 4.50-4.80. Melons—Spanish Yellow honeydew 10 kilos 5/14s 2.80-3.20. Onions—Spanish: 3.50-4.80: Dutch: 3.60. Tomatoes—Jersey: Per tray 1.30-1.50; Guernsey: 1.60; Dutch: 1.60. Cabbages—Dutch: White, net 3.20. Peaches—Italian: 1½ trays Cs 2.40, Bs 2.60-2.80, As 3.00-3.20, AA 3.20. English Produce: Potatoes—New crop per bag 2.00-2.20. Lettuce—Per 12 round 1.80-2.00 Cos 2.40-2.50. Webb's 2.20. Mushrooms—Per lb 0.60-0.70.

## Brazil forestry plan for Amazon dam

BY DIANA SMITH IN BRASILIA

THE BRAZILIAN Forestry Institute, under an agreement signed with the Northern Electricity Company (Electronorte) is to supply 540,000 acres of forest land in the Amazon that will be flooded in 1983 to create the reservoir for the $3bn Tucurui hydro-electric scheme on the Tocantis river.

According to surveys, the area has a potential of 13.5m cubic metres of valuable, first class timber, including mahogany, that can be used for furniture or construction. It also has a potential of 20m cubic metres of second grade wood, useful for vegetable coal or firewood.

To ensure that Brazilian interests control the lumber operations, the Forestry Institute will require any companies bidding for contracts to cut and process the timber to have a majority of Brazilian capital.

a month ago, the majority

At one time, there were fears that the Government might open the area to foreign concerns. There was concern that the type of operations carried out in the Tucurui area where the wood must be removed, to prevent cloggings of hydro-electric machinery, could spread to other parts of the Amazon forest, further damaging a vast area already scarred by wildcat deforestation.

Tucurui will generate electricity for important mining-related industrial projects in the Amazon like the Japanese Brazilian Albras/Alunorte alumina and aluminium project, due to go on stream in 1983.

Creusot Loire of France and its Brazilian associate, Mecanica Pesada, will supply the bulk of generating equipment for the dam.

NO AMERICAN MARKETS DUE TO THE LABOR DAY HOLIDAY.

## EUROPEAN MARKETS

ROTTERDAM, September 3.

Wheat—U.S. No. Two Dark Hard Winter Wheat 13.5 per cent Sept. $205, Oct. $206, Nov. $208, Dec. $210, Jan. $213, Feb. $215, March $217. U.S. Hard Winter Wheat Ordinary unquoted. U.S. No. Two Red Winter Wheat Sept. $194, Oct. $200, Nov. $203. U.S. No. Two Northern Spring Wheat 14 per cent Sept. $200, Oct. $201, Nov. $202, Dec. $211, Jan. $220, Feb. $221, March $222, April-May $205.

Maize—U.S. No. Three Corn Yellow afl. $139.50, Sept. $138, Oct. $139.50, Nov. $141, Dec. $145, Jan.-March $150.50, April-June $151.50.

Soyabeans—U.S. Two Yellow Gulfports afl. $298.75, Sept. $300.50, Oct. $292.75, Nov. $292.75, Dec. $298.75, Jan. $302.25, Feb. $307.25, March $308, April-May $311, June-July $313.25. Brazil Yellow Faq unquoted. Argentine afl. $266, May $304, June $306, July $307.50.

Soyameal—44 per cent protein U.S. afl $237, Sept. $235, Oct. $240.50, Nov./March $248.75, April-Sept. $253. Brazil pellets afl $238.50, Aug. $239, Sept. $242, Oct. $250, Nov. $256, April-Sept. $261.

PARIS, Sept. 3.

Cocoa (FFr per 100 kg). Sept. 1,283-75, Dec. 1,308-10, March 1,335-65, May 1,343, July 1,365, Sept. 1,365. Sales at call, 5.

Sugar (FFr per 100 kg). Oct 1,109-1,115, Nov. 1,110-1,120, Dec. 1,147-1,148, March 1,218-1,220, May 1,251-1,254, July 1,256-1,270, Aug 1,270-1,295, Oct 1,300-1,310. Sales at call 5.

## INDICES

### FINANCIAL TIMES

| Aug. 31 | Aug. 30 | M'nth ago | Year ago |
|---|---|---|---|
| 290.04 | 290.72 | 281.49 | 246.84 |

(Base: July 1, 1952=100)

### DOW JONES

| Dow Jones | Aug. 30 | Aug 29 | Month ago | Year ago |
|---|---|---|---|---|
| Spot | 403.78 | 402.75 | 395.91 | 378.38 |
| F'tur's | 415.03 | 413.58 | 402.69 | 374.11 |

(Average 1924-25-26=100)

### MOODY'S

| Aug. 30 | Aug 29 | M'nth ago | Year ago |
|---|---|---|---|
| 1100.7 | 1101.9 | 1067.2 | 938.7 |

(December 31, 1931=100)

### REUTERS

| Sept. 3 | Aug. 31 | M'nth ago | Year ago |
|---|---|---|---|
| 1594.9 | 1590.0 | 1545.0 | 1471.5 |

(Base: September 18, 1931=100)



CORAL INDEX: Close 461-466

## INSURANCE BASE RATES

| | |
|---|---|
| † Vanbrugh Guaranteed | 11¾% |
| † Property Growth | 11¼% |

† Address shown under Insurance and Property Bond Table.



EDUCATIONAL



PERSONAL

# Firm Golds feature markets but equities and short gilts show resilience to several adverse influences

**Account Dealing Dates**

| Option *First Dealings | Declarations | Last Dealings | Account Day |
|---|---|---|---|
| Aug. 13 | Aug. 23 | Aug. 24 | Sep. 3 |
| Aug. 28 | Sep. 6 | Sep. 7 | Sep. 17 |
| Sep. 10 | Sep. 20 | Sep. 21 | Oct. 1 |

* "New time" dealings may take place from 9.30 am two business days earlier.

With the exception of South African Gold shares, which showed widespread gains following a fresh upsurge in the bullion price, stock markets yesterday were operating under several adverse influences and trended lower. Leading equities, however, generally closed above the lowest while short-dated Gilts staged a good rally to end only a shade easier after being ⅜ down.

An advance report that the mid-August banking figures to be published today will show clearing bank lending still growing strongly unsettled long-dated British Funds; quotations lost ½ in places and remained at the lower levels on worries that the authorities may have to take additional steps to choke off loan demand.

The all-too-evident strains between the Government and the trade unions as the TUC Congress got underway provided a predictable restraint on potential buyers of equities, but selling began to ease midway through the morning session and, on the appearance of a few cheap buyers, leading shares came away from the lowest.

Fresh adverse comment about the UK economy and business confidence contributed to the early dullness which saw the FT 30-share index down 5.2 at 11 am before this measure of the equity market closed with a loss of 2.5 on the day at 463.0. Overall trade was little better than last week's extremely low volume, total bargains amounting to 14,875 compared with Friday's 15,071.

The strength of Gold shares was London-inspired, both the Johannesburg and New York markets being closed, and largely resulted from a defensive mark-up by dealers in the wake of the soaring bullion price. Nonetheless, some gains were sizeable and the FT Gold Mines index, at 196.4, advanced 3.5 more to close at its highest for nearly three months.

Attention in the Bonds sector switched from Russian to Chinese issues owing to week-end Press comment on the latter. The 5 per cent 1925 Boxer settled 4 points up at £14, but other gains were less substantial.

The slightly easier rate for sterling caused the investment currency premium to harden and, following a moderate two-way trade, late demand took it higher still to a close of 29½ per cent for a gain on balance of a point. Yesterday's SE conversion factor was 0.8981 (0.9014).

With business well-distributed among the stocks in issue, Traded options attracted 388 deals—well above last week's daily average of 204. GEC, 63, and RTZ, 50, were the most active series.

## Insurances easier

Composite Insurances tended to drift lower on lack of support. Ahead of interim statements tomorrow, GRE, 246p, Phoenix, 238p, and Sun Alliance, 548p, all gave up a couple of pence.

Hire Purchases made progress in places. Provident Financial hardened a penny to 98p awaiting today's first-half figures, while London Scottish Finance encountered renewed support in a thin market and finished 2 to the good at 59p. Moorgate Mercantile hardened a penny to 15p. Irish issues came on offer with Bank of Ireland 7 down at a 1979 low of 308p and Allied Irish 2 easier at 113p. Apart from a reaction of 4 to 418p in Barclays, the major clearers were unaltered.

The lack of investment incentive was reflected in lifeless Breweries. Bass gave up a couple of pence at 230p, but other leaders barely strayed from last Friday's closing levels. Among Distilleries, Invergordon cheapened a penny to 189p ahead of today's mid-term statement, but Merrydown Wine added a like amount to 40p on reflection of the chairman's recent statement.

Scattered buying was evident in the Building sector. London Brick hardened a penny to 69p and Redland firmed 4 to 182p. RMC and Marshalls (Halifax) added 5 apiece to 137p and 172p respectively, the latter following the chairman's confident remarks at the annual meeting. The Timber sector was enlivened by speculative buying of Parker which put on 6 to 202p, while Montague L. Meyer firmed 1½ to 99½p and Phoenix improved 2 to 143p. Elsewhere, Wilson (Connolly) advanced 4 to 189p in a thin market, but Benlox, a particularly good market of late on the proposed rights issue and link with Energy Finance and General Trust, eased 2 to 35p on profit-taking. Gibbs and Dandy A attracted buyers and added 2 to 24p, as did Roberts Adlard, also 2 to the good at 130p.

ICI were marked progressively lower and touched 357p before settling 3 cheaper on balance at 361p. Among other Chemicals, recent bid favourite Allied Colloids encountered profit-taking and slipped 2 to 119p, while small selling clipped 4 from Leigh Interests to 106p.

Vulnerable to nervous offerings last week in the wake of Marks and Spencer's price-cutting move, the Store majors gave a steadier performance yesterday. British Home, however, continued to retreat, closing with a further fall of 4 at 242p. Burton A moved up a couple of pence to 254p on the announcement that the group has acquired the Dorothy Perkins chain of women's fashion outlets from British Land for the equivalent of £15m plus; British Land responded with a rise of 4½ to 75½p. Debenhams, at 83p, gained 3 in belated response to Press comment, while House of Fraser hardened 2 to 135p helped by an investment recommendation. Elsewhere, James Beattie "A" lost 10 to 158p on nervous selling in front of today's interim results but I. J. Dewhirst hardened 2 to 87p ahead of tomorrow's half-yearly figures.

The withdrawal of recent speculative support in the absence of any bid developments prompted a reaction of 8 to 230p in Stylo. Elsewhere in Shoes, Pittard rose 3 to 44p on the sharp increase in interim profits, while K edged forward a penny to 71p on Press comment.

Easier at th eoutset, leading Electricals met late support which halved earlier losses. EMI closed 2 off at 91p, after a 1979 low of 89p, while Plessey shed a penny to 121p, after 117p and Thorn gave up 2 at 446p, after 442p. Newman Industries lost 4 to 65p. M.K. Electric succumbed to profit-taking and fell 4 to 235p, but Automated Security were again in favour and added 3 to 191p. Press comment prompted a gain of 2 in Bulgin A, 27p.

Escalating labour problems within the industry kept interest in the Engineering leaders at a minimum. Consequently prices drifted lower on lack of support and John Brown, 393p, and Tubes, 318p, closed 2 lower, while GKN ended the turn down at 269p. Elsewhere, Chamberlin and Hill stood out with a Press-inspired jump of 10 to 56p, reflecting demand in a market none too well supplied with stock left George Whitehouse 5 dearer at 200p, after 215p. M. Mole added 4 more to 22p as did Braham Millar, to 33p, while Jones and Shipman retreated 5 to 175p. Northern Engineering lost 3 to 52p ahead of Thursday's interim results, while losses of 3 were seen in Averys, 257p, Birmingham Pallet, 60p, and Taylor Pallister, 95p.

Leading Foods drifted marginally lower on lack of interest and occasional small selling, J. Sainsbury easing 2 to 303p and Associated Dairies, still depressed by adverse Press comment, shedding 3 more to 255p. Northern Foods and Rowntree Mackintosh cheapened 2 apiece to 120p and 196p respectively. Elsewhere, Linfood hardened a penny to 170p in response to annual profits at the upper end of market estimates and the Board's bullish statement. George Bassett added 2 to 116p as speculative interest continued, while Bernard Matthews revived with a gain of 8 to 305p in a thin market.

Reflecting the uncertain economic outlook, the miscellaneous industrial leaders drifted lower as potential investors were content to sit on the sidelines. Ahead of next Tuesday's interim results, *Bowater closed 4 off at 161p*, after 160p. Beecham dipped a similar amount to 138p and Unilever shed 6 to 500p. Elsewhere, the resumption of dividend payments and the better-than-expected preliminary profits prompted a jump of 10 to 82p in Grimshawe, while more-than-doubled annual profits buoyed Gripperrods which ended 12 to *the good at 156p. Valor, 79p, and* Pauls and Whites, 145p, rose 4 and 3 respectively following Press comment and Maurice James hardened a fraction to 17p after the results. I. and J. Hyman hardened a penny to 26p, also following trading news, while Henry Boot revived with a rise of 7 to 120p. Still worried by the chairman's disclosure at the annual meeting that losses of its much-troubled Greenbat subsidiary have continued into the current year, Fairbairn Lawson softened a penny more to *19p, while E. Fogarty lost 6 to* 354p on profit-taking after last week's good rise which followed the capital proposals. Cosalt dipped 3 to 52p; the first-half figures are due next Tuesday.

The escalation of industrial action in the Engineering industry left Motor components in dull mood. Dowty slipped 5 to 309p, while Lucas shed 3 to 243p. Distributors traded quietly and closed a shade easier on balance. Tate of Leeds, 99p, Lex Service, 99½p, and Harold Perry, 130p, all gave up 2, but T. Cowie found support and hardened 1½ to 48½p. A 15 per cent increase in dividend and interim profits up 36 per cent failed to lift *C. D. Bramall above Friday's close of* 94p. Rolls-Royce, a good market of late, met profit-taking and gave up a penny to 72p, the interim results are expected on September 18.

In Paper/printings, nervous sellin gahead of the forthcoming results left Mills and Allen 10 cheaper at 275p. Aul and Wiborg, on the other hand, improved 3 to 52p following news of the 15 per cent increase in printing ink prices.

Leading Properties tended easier in quiet trading. Land Securities and Great Portland Estates shed 2 apiece to 298p and 318p respectively, while MEPC cheapened a penny to 189p.

## Oils subdued

An early mark-down failed to stimulate any real interest in leading Oils which ended the session marginally lower on balance. British Petroleum, interim figures due on Thursday, eased 5 to 1145p and Shell gave up a couple of pence to 328p. *Elsewhere, Oil Exploration and* Siebens U.K. shed 4 apiece to 364p and 262p respectively. Against the trend, Aran Energy, at 162p, regained 12 of Friday's fall of 20 on second thoughts about the viability of the oil find off the West coast of Ireland.

Lonrho became prominent at 76p, up 5, following comment on the £40m deal with Mr. Daniel K. Ludwig, whereby Lonrho will obtain a 50 per cent holding in hotel Princess Properties.

Trusts finished narrowly easier on balance, *Derby Trust Capital*, 162p, and *New Throgmorton Capital*, 170p, easing 4 and 3 respectively.

Apart from Graig, which improved a further 5 to 360p, Shippings were rarely altered.

Killinghall featured quiet Plantations, spurting 18 to 318p in a narrow market.

## Golds advance

South African Golds resumed their upwards path as the bullion prices surged ahead to close $6.50 up at $322.875 an ounce, after touching a record $323.375.

However, business in Golds was restricted by the closure of the Johannesburg market for Kruger Day and the shut-down of New York markets for Labor Day.

Share prices were marked up sharply at the outset in line with the metal price and edged higher throughout the day reflecting *London buying interest* in a market none too well supplied with stock.

"Amgold" featured in the heavyweights as sizeable and *persistent Swiss buying* lifted the shares a point to £22. Other heavyweights to register good gains included Randfontein and West Driefontein which improved around a half-point to £28 and £25¼ respectively.

Medium and lower-priced issues showed Kloof 44 better at a 1979 high of 859p. Libanon 25 up at *698p. Bracken* 7 to the good at a high of 126p and Venterspost 15 firmer at 282p. Favourable week-end Press mention helped Harmony, 455p, and Zandpan, 287p, add 10 apiece.

South African Financials mirrored Golds but turnover was similarly poor. De Beers rose 12 to 394p, Anglo American 9 to 393p and General Mining 10 to 610p; half-year results from the last-named are expected on Thursday.

Rising base-metal and precious metal prices prompted a fair demand for London Financials where Gold Fields rose 9 to 242p, Rio Tinto-Zinc 6 to 315p and Selection Trust 4 to 546p.

Australians were a fraction easier overal las the uncertain trend in overnight domestic markets was followed by profit-taking. The debut of the two Seltrust Holdings issues saw the "A" open at 200p and the rights to the "Z" shares open at 85p; after a goo two-way business the "A" closed at 185p and the rights to the "Z" at 85p, after 90p.

## FINANCIAL TIMES STOCK INDICES

| | Sept. 3 | Aug. 31 | Aug. 30 | Aug. 29 | Aug. 28 | Aug. 24 | A year ago |
|---|---|---|---|---|---|---|---|
| Government Secs. | 72.86 | 73.16 | 73.35 | 73.64 | 73.43 | 73.45 | 70.18 |
| Fixed interest | 73.60 | 74.44 | 74.47 | 74.53 | 74.69 | 74.67 | 71.62 |
| Industrial | 463.0 | 465.5 | 468.5 | 466.3 | 464.8 | 465.0 | 493.4 |
| Gold Mines | 196.4 | 192.9 | 197.8 | 171.8 | 173.6 | 167.4 | 159.8 |
| Gold Mines(Ex-$ pm) | 176.4 | 173.9 | 177.9 | 171.8 | 173.6 | 167.4 | 159.8 |
| Ord. Div. Yield | 7.03 | 6.99 | 6.95 | 7.00 | 7.03 | 7.02 | 5.40 |
| Earnings,Yld. % (full) | 17.46 | 17.59 | 17.28 | 17.41 | 17.50 | 17.47 | 16.16 |
| P/E Ratio (net) (*) | 7.20 | 7.22 | 7.28 | 7.23 | 7.13 | 7.20 | 8.22 |
| Total bargains | 14,875 | 15,071 | 13,765 | 13,512 | 15,087 | 15,443 | |
| Equity turnover £m | — | 63.95 | 61.85 | 62.78 | 47.63 | 67.37 | 51.37 |
| Equity bargains total | — | 12,686 | 10,244 | 9,788 | 9,411 | 11,598 | 16,006 |

10 am 461.8. 11 am 460.3. Noon 460.6. 1 pm 461.2.
2 pm 461.5. 3 pm 461.6.
Latest Index 01-246 8026.
* Nil = 6.92.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. Ex-$ premium index started June, 1972. SE Activity July-Dec. 1942.

## HIGHS AND LOWS

| | 1979 High | 1979 Low | Since Compilat'n High | Since Compilat'n Low |
|---|---|---|---|---|
| Govt. Secs. | 76.91 (4/5) | 64.64 (8/2) | 127.4 (9/1/35) | 49.18 (3/1/75) |
| Fixed Int. | 77.76 (5/5) | 66.03 (13/2) | 150.4 (28/11/47) | 50.53 (3/1/75) |
| Ind. Ord. | 558.6 (4/5) | 446.1 (12/2) | 558.6 (4/5/79) | 49.4 (26/6/40) |
| Gold Mines | 208.4 (6/6) | 129.9 (17/4) | 442.3 (22/5/75) | 43.5 (26/10/71) |
| Gold Mines Ex $pm) | 177.9 (30/8) | 95.2 (2/11) | 337.1 (3/4/74) | 54.3 (25/6/75) |

## S.E. ACTIVITY

| | Sept. 3 | Aug. 31 |
|---|---|---|
| —Daily | | |
| Gilt Edged | 116.7 | 115.4 |
| Industrials | 115.2 | 114.7 |
| Speculative | 35.9 | 37.2 |
| Totals | 78.0 | 77.3 |
| 5-d'y Av'r'ge | | |
| Gilt Edged | 119.9 | 119.4 |
| Industrials | 115.4 | 115.9 |
| Speculative | 37.1 | 35.2 |
| Totals | 77.8 | 77.7 |

## NEW HIGHS AND LOWS FOR 1979

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1979.

### NEW HIGHS (23)

AMERICANS (1)
Fluor Corp.
CANADIANS (2)
Gulf Oil of Canada, Hawker Siddeley Can.
BANKS (1)
London Scottish Finance
BUILDINGS (3)
Marshalls Halifax, Parker Timber, Roberts Adlard
ENGINEERING (2)
Chamberlin & Hill, Whitehouse
FOODS (1)
Matthews (B.)
INDUSTRIALS (4)
Crosby House, Grimshawe, Edinburgh Gen. Invests, Lyle Shipping
SHOES (1)
Oliver (G.)
TRUSTS (2)
Rothschild Inv. Trust, Toser Kemsley
MINES (3)
Bracken, Kloof Gold, Oilmin

### NEW LOWS (20)

BRITISH FUNDS (1)
Exch. 11½pc '84
BANKS (2)
Bank of Ireland, Midland 10½pc 93-98
BUILDINGS (1)
Lovell (Y. J.)
ELECTRICALS (1)
EMI
ENGINEERING (6)
Birmingham Pallett, Northern Engineering, Bronx Engineering, Richards (Leicester), Eubro, Tube Investments
INDUSTRIALS (2)
Fairbairn Lawson, UKO International
NEWSPAPERS (1)
Collins (William) 'A'
PAPERS (2)
Clay (Richard), Harrison & Sons
TEXTILES (2)
Allied Textile, British Enkalon
TRUSTS (1)
British Indust. Gen.
MINES (1)
Beralt Tin

## RISES AND FALLS YESTERDAY

| | Up | Down | Same |
|---|---|---|---|
| British Funds | 1 | 71 | 14 |
| Corpns. Dom. and Foreign Bonds | 3 | 29 | 33 |
| Industrials | 146 | 278 | 885 |
| Financial and Prop. | 45 | 155 | 307 |
| Oils | 5 | 13 | 21 |
| Plantations | 1 | 3 | 18 |
| Mines | 77 | 18 | 55 |
| Others | 53 | 20 | 77 |
| Totals | 333 | 588 | 1,512 |

## LONDON TRADED OPTIONS

## OPTIONS

Stocks to attract money for the call included Town and City, John Brown, Newman Tonks, Lonrho, Mount Charlotte, Woodside and Cons. Gold Fields. Puts were completed in Kloof, Libanon and John Brown, while doubles were arranged in Blackwood Hodge, Avana, Sound Diffusion, Drake and Scull, Petbow and Bolton Textile.

**DEALING DATES**

| First Dealings | Last Dealings | Last Declaration | For Settlement |
|---|---|---|---|
| Sep. 3 | Sep. 14 | Dec. 6 | Dec. 17 |
| Sep. 17 | Sep. 28 | Dec. 20 | Jan. 7 |
| Oct. 1 | Oct. 12 | Jan. 10 | Jan. 21 |

*For rate indications see end of Share Information Service*

## ACTIVE STOCKS

| Stock | Denomination | No. of marks | Closing price (p) | Change on day | 1979 high | 1979 low |
|---|---|---|---|---|---|---|
| Aran Energy | £1 | 13 | 162 | +12 | 170 | 60 |
| Barclays Bank | £1 | 10 | 418 | −4 | 514 | 360 |
| NatWest Bank | £1 | 9 | 330 | — | 406 | 278 |
| Shell Transport | 25p | 9 | 328 | −2 | 402 | 278 |
| Courtaulds | 25p | 7 | 86 | −2 | 122 | 82 |
| GEC | 25p | 7 | 382 | −1 | 456 | 311 |
| Marks & Spencer | 25p | 7 | 105 | — | 134 | 83 |
| Beecham 'New' | 25p | 6 | 139 | −4 | 147 | 130½ |
| Burmah Oil | £1 | 6 | 154 | −1 | 155 | 52 |
| Cons. Gold Fields | 25p | 6 | 242 | +9 | 268 | 175 |
| ICI | £1 | 6 | 361 | −3 | 415 | 314 |
| Imperial Group | 25p | 6 | 93 | — | 108 | 82 |
| Lonrho | 25p | 6 | 76 | +5 | 90 | 62 |
| Unigate | 25p | 6 | 102 | — | 102 | 70 |
| BAT Inds. | 25p | 5 | 280 | −3 | 363 | 255 |

## RECENT ISSUES

### EQUITIES

### FIXED INTEREST STOCKS

### "RIGHTS" OFFERS

## FT-ACTUARIES SHARE INDICES

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# AUTHORISED UNIT TRUSTS

**Abbey Unit Tst. Mngrs. (a)**
72-80, Gatehouse Rd., Aylesbury. 0296 5941

| | | | | |
|---|---|---|---|---|
| Abbey Gilt Inc. Tst. | 105.9 | 112.9 | −0.5 | 5.16 |
| Abbey Capital | 37.3 | 39.7 | −0.3 | 4.50 |
| Abbey Income | 43.9 | 47.7 | −0.2 | 7.50 |
| Abbey Inv. Tst. Fd. | 37.5 | 39.9 | ..... | 5.77 |
| Abbey Gen. Tst. | 49.7 | 52.9 | −0.4 | 4.65 |
| Equitas Prog. Tst. | 69.7 | 73.5 | −0.4 | 4.82 |

**Allen Harvey & Ross Unit Tst. Mngrs.**
45, Cornhill, London EC3V 3PB. 01-623 6314.

| | | | | |
|---|---|---|---|---|
| AHR Gilt & Pref. | 96.8 | 101.9 | ..... | 12.01 |

**Allied Hambro Group (a)(g)**
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459

Balanced Funds

| | | | | |
|---|---|---|---|---|
| Allied 1st | 71.6 | 76.5 | −0.3 | 5.44 |
| Brit. Inds. Fund | 69.6 | 74.8 | −0.3 | 5.45 |
| Grth. & Inc. | 40.5 | 43.3 | −0.2 | 5.08 |
| Elect. & Ind. Dev. | 38.2 | 40.9 | −0.2 | 5.13 |
| Allied Capital | 76.1 | 81.3 | −0.5 | 4.91 |
| Hambro Fund | 117.5 | 125.7 | −1.0 | 5.36 |
| Hambro Acc. Fd. | 137.2 | 146.8 | −1.1 | 5.16 |

Income Funds

| | | | | |
|---|---|---|---|---|
| High Yield Fd. | 72.4 | 77.5 | −0.1 | 8.83 |
| High Income | 68.7 | 73.5 | −0.3 | 7.62 |
| A. H. Eq. Inc. | 40.4 | 43.2 | −0.2 | 7.40 |

International Funds

| | | | | |
|---|---|---|---|---|
| International | 25.8 | 27.4 | +0.1 | 2.91 |
| Pacific Fund | 37.0 | 39.4 | −0.1 | 1.28 |
| Secs. Of America | 58.1 | 62.2 | +0.3 | 2.03 |

Specialist Funds

| | | | | |
|---|---|---|---|---|
| Smaller Co.'s Fd. | 47.6 | 50.9 | ..... | 3.93 |
| 2nd. Smlr. Co's Fd. | 57.9 | 61.9 | +0.1 | 4.04 |
| Recovery Sits. | 113.3 | 121.2 | −0.4 | 5.54 |
| Met. Min. & Cdty. | 47.4 | 50.7 | ..... | 5.13 |
| Overseas Earnings | 55.1 | 61.1 | −0.5 | 5.40 |

Exempt Funds

| | | | | |
|---|---|---|---|---|
| Far East Exempt | 44.5 | 46.3 | ..... | 3.03 |

**Friends' Provdt. Unit Tr. Mgrs.♥**
Pixham End, Dorking. 0306 5055

| | | | | |
|---|---|---|---|---|
| Friends Prov. Uts. | 49.0 | 52.3 | −0.7 | 4.68 |
| Do. Accum. | 65.6 | 70.1 | −0.9 | 4.68 |

**Funds In Court***
Public Trustee, Kingsway, WC2. 01-405 4300

| | | | | |
|---|---|---|---|---|
| Capital Aug. 30 | 107.7 | 108.8 | ..... | 4.96 |
| Gross Inc. Aug. 30 | 76.9 | 78.7 | ..... | 9.91 |
| High Yield Aug. 30 | 84.7 | 87.8 | ..... | 9.68 |

*Unauth. Restricted to monies under Court control.

**G.T. Unit Managers Ltd.♥**
16 Finsbury Circus, EC2M 7DD 01-628 8131

| | | | | |
|---|---|---|---|---|
| G.T. Cap. Inc. | 105.4 | 112.1 | ..... | 4.10 |
| Do. Acc. | 131.0 | 139.3 | ..... | 4.10 |
| G.T. Inc. Fd. Un. | 168.2 | 178.9 | ..... | 8.60 |
| G.T. U.S. & Gen. | 138.6 | 147.4 | ..... | 2.70 |
| G.T. Japan & Gen. | 80.8 | 85.5 | ..... | 3.20 |
| ♦Gt. Pens. Ex. Fd. | 223.2 | 234.9 | +3.3 | 5.30 |
| G.T. Int'l. Fund | 153.8 | 163.6 | ..... | 3.10 |
| G.T. Four Yds. Fd. | 53.8 | 57.2 | −0.6 | 7.80 |
| G.T. Far East & Gen. | 45.1 | 48.4 | ..... | 3.40 |

**G. & A. Trust (a) (g)**
5 Rayleigh Road, Brentwood. (0277) 227300

| | | | | |
|---|---|---|---|---|
| G. & A. | 35.9 | 38.3 | −0.4 | 5.04 |

**Gartmore Fund Managers♥ (a)(g)**
2 St. Mary Axe, EC3A 8BP 01-623 6114
Dealing only: 01-623 5766/5806

| | | | | |
|---|---|---|---|---|
| American Tst. | 26.6 | 28.6 | +0.1 | 0.87 |
| British Tst. (Acc.) | 65.6 | 70.5 | +0.1 | 5.12 |
| Commodity Share | 30.7 | 33.0 | +0.1 | 3.04 |
| Extra Income Tst. | 24.3 | 26.1 | +0.1 | 9.46 |
| Far East Trust | 31.8 | 34.1 | −0.3 | 0.14 |
| High Income Tst. | 58.5 | 62.9 | +0.3 | 9.48 |
| Income Fund | 76.2 | 81.9 | −0.2 | 7.43 |
| Ins. Agencies | 14.42 | 15.21 | −0.01 | 4.18 |
| Intl. Exempt Fd. | 94.1 | 101.4 | −0.5 | 4.73 |
| Intl. Tst. (Acc.) | 31.7 | 34.1 | +0.1 | 0.96 |

**Gibbs (Antony) Unit Tst. Mgs. Ltd. (a)**

# INSURANCE & PROPERTY BONDS

# OFFSHORE & O'SEAS FUNDS

# FT SHARE INFORMATION SERVICE

## BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

## INTERNATIONAL BANK

## CORPORATION LOANS

## COMMONWEALTH & AFRICAN LOANS

## LOANS

Public Board and Ind.

Financial

| | | | | | |
|---|---|---|---|---|---|
| 107 | 100 | Do. 14pc '79 | 101 | 14.24 | — |
| 108¾ | 95¼ | Do. 14pc '83 | 103¼ -¼ | 13.49 | 12.81 |
| 86½ | 77½ | ICFC 5½pc Deb. '80-82 | 83xd -½ | 6.60 | 11.90 |
| 85 | 71½ | Do. 6¼pc Db. '81-84 | 79½ | 8.07 | 12.30 |
| 99 | 84½ | Do. 10¼pc Uns. Ln. '86 | 93½ | 11.45 | 12.40 |
| 99 | 84½ | Do. 11pc Uns. Ln. '88 | 94½ -¼ | 11.88 | 12.30 |
| 101½ | 84 | Do. 11¼pc Uns. Ln. '90 | 97½ | 12.22 | 12.40 |
| 72½ | 57 | Do. 7¼pc A Db. '89-92 | 66½ -½ | 11.28 | 13.00 |
| 69 | 53½ | Do. 7¼pc A Db. '91-94 | 64½xd | 11.24 | 12.60 |
| 81½ | 64½ | Do. 9pc 'A' '91-94 | 75½xd | 11.92 | 12.78 |
| 78½ | 62½ | Do. 8¾pc Ln. '92-97 | 73xd -¼ | 12.16 | 12.60 |
| 102 | 95½ | Do. 12¼pc Uns. Ln. 1992 | 97½xd -½ | 12.62 | 12.90 |

## FOREIGN BONDS & RAILS

U.S. $ & DM prices exclude inv. $ premium

## AMERICANS

S.E. List Premium 11¼% (based on US$2.2506 per £)
Conversion factor 0.8981 (0.9014)

## CANADIANS

S.E. List Premium 11¼% (based on $2.6242 per £)

## BANKS AND HIRE PURCHASE

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| £173¼ | 930 | Com'zbk DM 10 | 990a | | Q26.6% | — | 6.8 | — |
| £184½ | £104¼ | C'hgn. Hbk Kr100 | £101¼ | | Q12% | — | 11.1 | — |
| 41 | 29 | Corinthian 10p | 38 | -1 | 1.05 | 5.9 | 3.9 | 4.4 |
| £243¼ | £15 | Cred. France F75 | £17⅛ | | Q9.87% | — | 3.8 | — |
| 16 | 12 | Dawes (G. R.) | 13 | | — | — | — | — |
| £121 | £64 | Deutsche Bank DM50 | £66½ | | Q18.12% | — | 5.2 | — |
| 90 | 62 | F. C. Finance | 62 | | 2.2 | 4.9 | 5.1 | 5.7 |
| 8¼ | 5¼ | First Nat. 10p | 6¼ | | — | — | — | 0.5 |
| 4 | 2 | Do. Wrts. 75-83 | 2¾ | | — | — | — | — |
| 266 | 178 | Gerrard Natnl. | 266 | | 9.12 | — | 4.9 | — |
| 62 | 39 | Gibbs (A.) | 51 | | 2.2 | — | 6.2 | — |
| 270 | 217 | Gillett Bros. £1 | 222 | | †16.95 | — | 10.9 | — |

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Hire Purchase, etc.

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### O.F.S.

## FINANCE

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## CENTRAL AFRICAN



## MINES—Continued

## AUSTRALIAN

| 1979 High | Low | Stock | Price | + or − | Div. Net | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 14 | 9 | Acmex | 12 | ..... | — | — | — |
| 15 | 4 | ACM 20c | 15 | +1 | — | — | — |
| 72 | 50 | Bond Corp. | 61 | ..... | — | — | — |
| 171 | 100 | Bougainville 50 Toea | 134 | −2 | tQ15c | 1.0 | 5.9 |
| 140 | 84 | BH South 50c | 140 | +4 | — | — | — |
| 860 | 340 | Central Pacific | 800 | −30 | — | — | — |
| 318 | 170 | Conzinc Riotinto 50c. | 220 | ..... | NQ10c | 2.0 | 2.3 |
| 36 | 16 | Coltes Pacific N.L. | 20 | ..... | — | — | — |
| 17½ | 5 | Eagle Corp 10c | 17½ | ..... | — | — | — |
| 21½ | 11 | Endeavour 20c | 18½ | −½ | — | — | — |
| 98 | 62 | G.M. Kalgoorlie $1 | 98 | +5 | Q3c | ϕ | 1.6 |
| 42 | 23 | Haoma Gold N.L. | 37 | ..... | — | — | — |
| 240 | 148 | Hampton Areas 5p. | 235 | −5 | 3.5 | 2.8 | 2.1 |
| 71½ | 25 | Metals Ex. 50c | 44 | −2 | — | — | — |
| 275 | 168 | M.I.M. Hldgs. 50c | 212 | −4 | Q17c | ϕ | 4.2 |
| 15 | 15 | Minefields Expl | 15 | ..... | — | — | — |
| 74 | 30 | Mount Lyell 25c | 52 | +2 | — | — | — |
| 44 | 14 | Newmetal 20c | 15 | ..... | — | — | — |
| 141 | 91 | North B. Hill 50c | 119 | −7 | Q12c | ϕ | 5.3 |
| 22 | 11 | Nth. Kalgurli | 19 | ..... | — | — | — |
| 75 | 45 | Nth. Mining Corp. | 73 | ..... | — | — | — |
| 40 | 22 | Nth. West Mining | 35 | ..... | — | — | — |
| 137 | 76 | Oakbridge $A1 | 101 | +1 | Q12c | ϕ | 6.3 |
| 46 | 22 | Otter N. L. | 46 | +3 | — | — | — |
| 120 | 58 | Pacific Copper | 114 | −2 | — | — | — |
| £10¼ | 625 | Pancont'l 25c | 825 | +25 | — | — | — |
| 32½ | 15½ | Paringa M&Ex.5p | 32 | ..... | — | — | — |
| 510 | 268 | Peko-Wallsend 50c | 344 | +6 | §Q17.5c | ϕ | 2.9 |
| 340 | 145 | Southern Pacific | 310 | +5 | — | — | — |
| 29 | 11 | Swan Resources 20c. | 21½ | +1 | — | — | — |
| 16 | 12 | West Coast 25c | 13 | ..... | — | — | — |
| 188 | 121 | Westn. Mining 50c | 176 | +6 | Q7c | ϕ | 2.2 |
| 11 | 9 | Westmex | 10 | ..... | — | — | — |
| 65 | 50 | Whim Creek 20c | 55 | ..... | — | — | — |
| 25 | 13 | York Resources | 13 | ..... | — | — | — |

## TINS

| 1979 High | Low | Stock | Price | + or − | Div. Net | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 30 | 23 | Amal. Nigeria | 27 | ..... | 2.31 | 1.3 | 13.0 |
| 435 | 265 | Ayer Hitam $M1 | 325 | ..... | Q300c | 0.5 | 19.3 |
| 72 | 49 | Beralt Tin | 49 | −1 | 4.0 | 3.3 | 11.7 |
| 270 | 175 | Berjuntai $M1 | 185 | ..... | Q95c | ϕ | 11.9 |
| 160 | 125 | Geevor | 128 | +3 | 8.71 | 3.1 | 9.7 |
| 10½ | 8 | Gold & Base 12½p | 9 | ..... | — | — | — |
| 365 | 295 | Gopeng Cons. | 305 | ..... | †18.0 | 1.4 | 8.4 |
| 370 | 295 | Hongkong | 320 | ..... | †12.5 | 2.8 | 5.6 |
| 98 | 64 | Idris 10p | 85 | ..... | †6.0 | 1.6 | 13.4 |
| 14 | 9½ | Jantar 12½p | 12 | ..... | — | — | — |
| 95 | 58 | Kamunting $M0.50 | 75xd | ..... | Q47½c | 1.3 | 14.2 |
| 620 | 210 | Killinghall $M1 | 320 | ..... | — | — | — |
| 465 | 365 | Malay Dredging $M1 | 435 | +5 | †175c | 0.7 | 1.5 |
| 57 | 28 | ΔPahang | 31 | ..... | — | — | — |
| 125 | 60 | Pengkalen 10p | 117 | ..... | 4.5 | 1.2 | 5.7 |
| 275 | 195 | Petaling $M1 | 230 | ..... | †Q120c | 1.3 | 11.2 |
| 85 | 62 | Saint Piran | 76 | −1 | †2.03 | 6.5 | 3.8 |
| 58 | 34 | South Crofty 10p | 38xd | ..... | 3.0 | ϕ | 11.3 |
| 230 | 170 | South Kinta $M0.50 | 195xd | +5 | Q150c | 1.0 | 17.5 |
| 405 | 285 | Sthn Malayan $M1 | 365 | +5 | †Q190c | 1.0 | 11.2 |
| 310 | 210 | Sungei Besi $M1 | 220 | ..... | Q520c | 1.0 | 53.4 |
| 75 | 40 | Supreme Corp. $M1 | 40 | ..... | ZQ10c | — | 5.4 |
| 105 | 93 | Tanjong 15p | 93xd | ..... | 7.5 | 0.7 | 11.5 |
| 115 | 90 | Tongkah H. Tin | 90 | ..... | †Q24c | 0.7 | 6.0 |
| 280 | 190 | Tronoh $M1 | 215 | +5 | Q25c | 5.2 | 2.6 |

## COPPER

| 1979 High | Low | Stock | Price | + or − | Div. Net | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 111 | 56 | Messina R0.50 | 92 | +4 | — | — | — |

## MISCELLANEOUS

| 1979 High | Low | Stock | Price | + or − | Div. Net | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 81 | 54 | Barymin | 59 | +1 | — | — | — |
| 13½ | 10 | Burma Mines 17½p | 11 | ..... | — | — | — |
| 345 | 170 | Cons. Murch. 10c. | 320 | ..... | ZQ30c | — | 4.8 |
| 410 | 290 | Northgate C$1 | 350 | +10 | — | — | — |
| 362 | 226 | R.T.Z. | 315 | +6 | 11.5 | 2.7 | 5.2 |
| 31 | 18 | Robert Mines | 22 | ..... | — | — | — |
| 65 | 30 | Sabina Inds. C$1 | 35 | +1 | — | — | — |
| 880 | 525 | Tara Exptn. $1 | 543 | +5 | — | — | — |

## GOLDS EX-$ PREMIUM

London quotations for selected South African gold mining shares in U.S. currency excluding the investment dollar premium. These prices are available only to non-UK residents.

| 1979 High | Low | Stock | Price | + or − | Div. Net | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| $19⅝ | $10½ | Buffels R1 | $19⅛ | +½ | Q200c | ϕ | 12.7 |
| $15½ | 890c | East Drie R1 | $14⅞ | +⅛ | †Q115c | 1.6 | 9.3 |
| $11½ | 350 | East Rand Prp R1 | $10¾ | +¼ | †Q10c | — | 1.1 |
| $32¾ | $18¼ | F.S. Geduld 50c | $31¼ | +⅛ | †Q315c | 2.4 | 12.0 |
| $22 | $11⅛ | Pres. Brand 50c | $21⅛ | +⅜ | †Q150c | 3.2 | 8.5 |
| $19¾ | $10¼ | St. Helena R1 | $19⅝ | +⅜ | †Q190c | 1.4 | 11.7 |
| 795c | 407c | Sulfontein 50c | 795c | +15 | †Q66c | 1.7 | 10.0 |
| $36¼ | $18¼ | Vaal Reefs 50c | $36 | +½ | †Q280c | 2.7 | 9.8 |
| $51½ | $28¾ | West Drie R1 | $51½ | +1¼ | Q615c | ϕ | 14.5 |
| $39 | $22¼ | West Hldgs. 50c | $38¾ | +½ | †Q415c | 1.4 | 13.0 |
| $18½ | $10⅜ | Western Deep R2 | $18 | +¼ | †Q147½c | 2.1 | 9.9 |

## NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling or in EEC currencies are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ✢ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend, cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

"Recent Issues" and "Rights" Page 28

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## REGIONAL MARKETS

## OPTIONS

## 3-month Call Rates

FINANCIAL TIMES
Tuesday September 4 1979



# Ulster 'day of violence' warning

BY STEWART DALBY IN DUBLIN

AS THE Irish Republic's Cabinet met in Dublin yesterday to consider its approach to the London summit meeting between Mr. Jack Lynch, Ireland's Prime Minister, and Mrs. Margaret Thatcher, police chiefs in Northern Ireland warned of a possible day of violence to coincide with the funeral of Lord Mountbatten tomorrow.

In the border town of Newry, Mr. Humphrey Atkins, Secretary for Northern Ireland, confirmed that no fresh political initiative on Ulster was feasible because of present outrages.

Any fresh outbreak of violence is expected to be concentrated today or tomorrow in Belfast. The Provisionals believe that this could counter the widespread belief that its continued existence stems from safe havens in the Republic.

The British Army Document 37, which was captured by the Provisionals three months ago, made it clear that more than 80 per cent of the Provisional IRA Active Service Units are based in Northern Ireland.

British police and Army sources will admit that in the past three years or so the organisation has become Belfast-based.

But the Republic is important because it harbours bomb and explosive factories and also IRA operatives sent there to rest.

Should Mr. Lynch introduce internment in the South for known IRA members, it would severely damage the Provisional IRA. But such action is regarded as highly unlikely.

Mr. Lynch could make concessions over the question of extradition. The Republic's constitution enshrines the principle that there can be no extradition for political offences.

Mr. Lynch is the leader of Fianna Fail, the party of Eamon de Valera and those who opposed the partition of Ireland. He would find it difficult to categorise the IRA as common criminals.

What he might do, however, allow the setting up of a joint UK-Irish Committee of jurists to examine the whole question of extradition. Such a committee was formed in 1973 at the time of the Sunningdale talks on power sharing.

In return for any concessions on extradition, Mr. Lynch would want agreement from Mrs. Thatcher that some kind of political initiative will be made.

Threats of a Loyalist backlash are being taken seriously. The Ulster Freedom Fighters' threat of violence against Republicans is the second such threat in recent days.

A group which refused to be identified, but which is thought to be made up of members from the Ulster Defence Association, the Red Hand Command and the Ulster Volunteer Force, said last week that it has the weapons and the men to kill known Republicans.

Richard Evans, Lobby editor, writes: In Newry Mr. Atkins said: "It is beyond question that the current security situation constitutes a major stumbling block in our efforts to find some form of political agreement."

But he emphasised that it remained the UK Government's declared aim to return to the people of the province more control over their own affairs.

"It is my responsibility to ensure as far as I can that when that time comes Northern Irelan is a stable, law-abiding, democratic community."

But he confirmed that the Government would continue to deal with terrorists through the law and not adopt the draconian methods often demanded.

"If we abandon the normally accepted standards of law, then we are playing into the terrorists' hands. That is exactly what they want us to do.

"Their own law is the law of the jungle, and if we follow them into the jungle they are on their way to achieving what they want," said Mr. Atkins.

# Iranian troops capture Kurdish rebel capital

BY ANDREW WHITLEY

THE IRANIAN Government claimed yesterday it had captured the Kurdish rebel capital of Mahabad after meeting only token resistance.

Combined units of regular troops and paramilitary Revolutionary Guards, backed by air strikes, also took control of several other important Kurdish centres.

Ahead of the Government offensive on Mahabad, the rebels are reported to have pulled out most of their heavy weaponry, including tanks and anti-aircraft guns. Yesterday morning, as the long expected drive got under way, most of the Kurdish irregular fighters themselves retreated into the surrounding hills.


Neither side declared its intentions. But the absence of any accompanying peace initiative from Tehran suggests that prevailing hardline views on crushing the Kurdish autonomy movement are unlikely to be altered.

A Kurdish delegation which has been in Tehran for the past week said it was abandoning its efforts to reach a negotiated settlement.

The Kurdish fighters, estimated at more than 10,000, are expected to resort to their traditional guerrilla warfare from positions in the wild terrain near Iran's borders with Iraq and Turkey.

Official expressions of concern about possible external involvement in the conflict have surfaced over the past few days. These were reinforced yesterday by Ayatollah Shariat-Madari, the leading Muslim cleric in Iran after Ayatollah Khomeini.

In an interview with the Persian language newspaper Kayhan, he called on both sides in Kurdistan to act with restraint to prevent a war "the consequences of which we cannot predict."

Kurdish leaders say they are prepared to accept support from wherever it comes, including the Soviet Union. But they deny that they have so far received any direct help. Most of their newly acquired automatic weapons of Soviet or East European make are believed to have been acquired on the open market in the Middle East.

After nearly a week's stalemate, a Government armoured column broke through the Kurds' outer defensive line north of Mahabad on Sunday, then headed south for the rebel capital. The other arm of a pincer movement was formed by another column of tanks moving up from south of the city.

Correspondents in Mahabad say there were exchanges of heavy gunfire yesterday morning. Helicopter gunships and Phantom fighter-bombers strafed rebel positions in and around the city.

Spokesmen for the banned Kurdistan Democratic Party had made it clear that they would not try to hold urban centres if faced with an all-out offensive.

Ray Dafter writes: Negotiations between the National Iranian Oil Company and Iranian Oil Participants, the western oil consortium which used to market most of the country's oil output, are about to reach a crucial stage, according to reports in Iran. The talks mostly concern settling accounts between the consortium and NIOC.

The Iranian Oil Company is reported to have asked Prime Minister Mehdi Bazargan to send a delegate to London for the second round of talks with the 14-member consortium due to the importance of the negotiations.

British Petroleum has a 40 per cent stake in the consortium, which also includes European and U.S. oil groups. Their five-year marketing agreement expired in August last year.

# BNOC may swap N. Sea holdings with British Gas

BY RAY DAFTER, ENERGY EDITOR

BRITAIN'S state-owned oil and gas corporations may swap some of their holdings in North Sea fields. This could raise up to £400m for the Government as well as rationalising their North Sea interests.

The idea, put forward by the British National Oil Corporation, is being studied by officials of the Treasury and Energy Department. It is one of several possible money-raising schemes submitted by BNOC in order to safeguard its North Sea oil assets.

Under the recommendation, British Gas Corporation would sell to BNOC its offshore oil interests, including its stake in the Beryl, Fulmar and Montrose fields. In return, BNOC would transfer to British Gas its interest in the Viking gasfield and associated reservoirs—so far unexploited—in the southern sector of the North Sea.

Lord Kearton, chairman and chief executive of BNOC, has told the Government that the oil interests now held by British Gas could then be sold to help the Public Sector Borrowing Requirement.

The Government had asked BNOC for ways of raising up to £400m through the sale of some of its assets, but the corporation hopes British Gas's oil holdings could also be included in a deal, if the Cabinet decides to go ahead with such a sale. A decision is expected within the next few weeks.

British Gas which is keen to maintain its considerable offshore oil and gas interests, would almost certainly oppose the idea. Ironically, Sir Denis Rooke, chairman of British Gas, is a member of BNOC's board, which agreed on various money-raising options at its meeting on Friday.

Among the other suggestions which came out of taht meeting were: the issue of low-denomination bonds (similar to national savings certificates) linked to the price of oil and secured by BNOC's assets worth between £2bn and £2.5bn; the advance sale of the corporation's own crude oil production; the advance sale of oil taken by the Government in place of royalty payments (which will reach over 300,000 barrels a day within the next five years); and the issue to the public of shares in BNOC.

In response to a Government request, BNOC also listed an order of priority for the possible disposal of its offshore assets. Heading this list were BNOC's stake in the partly depleted Viking gasfield, its minority interest in the giant Statfjord oil and gasfield, and its 12 per cent stake in the Dunlin oilfield.

Under the swap proposal, BNOC would transfer to British Gas the state's 50 per cent interest in Viking, which is about one-third depleted. The field, which still has about 2.2 trillion cu ft of gas, is expected to provide BNOC with about £15m worth of pre-tax profits this year, although, according to Lord Kearton, the Gas Corporation is paying a quarter of the international market price for the gas supplies. It is also estimated that there could be over 2 trillion cu ft of gas in undeveloped reservoirs close to Viking.

In return, the Gas Corporation's holdings in at least seven fields—Beryl, Fulmar, Montrose, North Beryl, Hutton, North West Hutton and South Montrose—might be transferred to BNOC. The amount of oil available to the Gas Corporation from these fields is estimated to be more than 230m barrels. It is estimated that the net present value of this future production would be almost £240m.

Whether or not the swap option is adopted, the Government is expected to go ahead with the sale of some state-owned assets within the next month or two. It will then probably review the financing arrangements for BNOC, perhaps opting for both a sale of shares—turning the Corporation into a BP-type company—and the offer of bonds.

N. Sea output up, Page 6

# Times pressed to pay NGA men

BY ALAN PIKE, LABOUR CORRESPONDENT

THE National Graphical Association is prepared to begin finding new jobs for its 600 Times Newspaper members unless they are reinstated next week.

NGA leaders are to have a second meeting with Mr. Gordon Brunton, chief executive of Thomson British Holdings — the Times' parent company — next Monday. They hope the company will agree to resume paying the union's members as requested when the two sides met last week.

Mr. Joe Wade, NGA general secretary, said yesterday that if the reinstatement was not agreed the union would have no option but to seek alternative work for its members.

He said NGA employees at Times Newspapers had accepted the company's reinstatement proposals and naturally now expected to be paid. Union leaders were coming under strong pressure to resolve the issue.

The NGA first decided to find new jobs for its members earlier this year when its national council decided that a settlement to the dispute, which has led to the suspension of all publication at Times Newspapers since last November, was remote.

This was quickly followed by a new peace initiative which agreed that renewed publication could take place before settling the question of manning a new computer-based composing system — the most important issue affecting the NGA.

But although terms for reinstatement had been accepted by the NGA and other unions, renewed publication and the full reinstatement of employees is being held up by disagreement in the National Society of Operative Printers Graphical and Media Personnel, the union with most members at Times Newspapers.

Although many NATSOPA members have declared themselves opposed to the proposals, negotiations are continuing at office level.

The union's branch and national officials are expected to be involved in these discussions again. Mr. Owen O'Brien, NATSOPA general secretary, said yesterday that good progress was being made in some areas.

# TUC 'will resist'

Continued from Page 1

Mr. Urwin questioned whether the Government had properly understood its election mandate. He attacked in particular the plan for narrowing pickets' civil immunity as "vicious, punitive measures," that could bankrupt individual workers sued for damages by their employer.

Therew ould be bitter hostility, poisoning industrial relations and spilling over into wage bargaining and pay claims, he warned.

Mr. Jo Wade of the National Graphical Association, whose union has been the subject of recent court actions, declared that there would be head-on resistance, not a toekn protest. "The courts will not stop a battle with recalcitrant employers," he said.

Other speakers saw the plans as part of a much wider political attack devised to undermine trade unionism.

Legislation would not prevent the repeat of the winter of discontent, said Mr. Les Wood of UCATT, and probably could not be enforced.

"It's not enough to say it's the law of the land and must be carried out." If the Government wanted to avoid industrial action this winter it should drop the legislation before it was too late.

The result of the debate was a foregone conclusion and after six speeches Mr. Tom Jackson, TUC president, called for a show of hands on whether to wind it up.

# Civil servants

Continued from Page 1

● Radiation level monitoring staff at Rosyth and Chatham.

The unions expect this action to halt all work on nuclear submarines at both bases.

● Workers on a secret research project at Otterbourn, Northumberland, will be instructed to return to their normal work.

● Maintenance and boiler-house staff at all prisons, with the exception of prison hospitals and borstals, which will cut the supply of heat and hot water and affect lavatory and other facilities.

● Maintenance workers at the Driver and Vehicle Licensing Centre at Swansea. The action will halt the air conditioning system and so will stop the main licensing computer.

● Lift engineers at all Government departments in London.

Further action is likely to be called on Monday at another meeting of the unions, though union officials made it clear yesterday that no part of their action would affect servicemen in Northern Ireland.

The Government has proposed that pay rises of 22 to 30 per cent recommended by an independent pay comparability study should be phased, with a payment of 9 per cent plus £1 from July 1, 5 per cent from November and the balance in April next year.

The unions hav accepted the overall rises, but are pressing for negotiations on staging to try to bring the offer closer to their ideal aim of full payment from July 1 this year.

Last year, action by the group over pay also severely hampered defence work.

# German companies in Britain plan to expand

BY DAVID FREUD

MOST West German manufacturers already established in the UK plan to expand their activities, according to a survey conducted by the German Chamber of Industry and Commerce.

The survey, whose findings were released yesterday, found that UK subsidiaries of West German companies were generally pleased about their level of productivity in this country and their return on investment. Labour relations seemed to pose no widespread problems.

Lord Trenchard, Minister of State for Industry, said that the survey showed clearly that "setting up in Britain is an attractive prospect for foreign companies contemplating overseas expansion, and demonstrates the ever-growing interest of foreign industrialists in this country."

The chamber received replies to its survey from 152 of the 450 known West German companies based in the UK. The respondents are thought to be the bigger companies, employing 24,000 out of the total 30,000 or so working for all the German subsidiaries.

The results were in line with the findings of the first such survey conducted by the chamber two years ago. They come after a highly-publicised article in the Hamburg magazine, Der Spiegel, which reported adversely on West German experience in the UK, and laid much of the blame on management.

Yesterday Herr Berndt Atenstaedt, head of industry at the chamber, said: "Our members certainly do not see things as Der Spiegel reported. They are happy here."

The survey found that out of 69 manufacturing companies, 36 per cent planned to expand in the next year and another 46 per cent in five years. The main reasons were to increase UK business and raise market share in the UK.

Of the 83 German companies which currently have only sales organisations in the UK, 33 per cent intended to start manufacturing here within five years. The main reasons were to expand business and to take advantage of Britain's lower labour costs.

The survey said that, in contrast to the belief that UK productivity was low, 97 per cent of the German manufacturers and 88 per cent of the sales organisation, said productivity ranged from satisfactory to excelelnt. Some companies claimed higher productivity than in Germany.

A total of 45 per cent of manufacturers said return on investment was good or excellent. A further 44 per cent said it was satisfactory. There was a similar response from sales organisations.

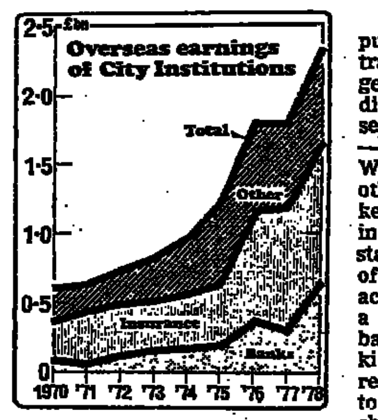
There were also favourable answers to questions about labour relations. Of manufacturers, 24.5 per cent said they were excellent, 46.5 per cent good, 24.5 per cent satisfactory and only 3 per cent unsatisfactory. None of the sales organisations said labour relations were unsatisfactory.

## THE LEX COLUMN

# Burton continues its sex change

**Index fell 2.5 to 463.0**

Dorothy Perkins was bought by British Land back in 1973 for £17.3m as a way of gaining the full value on the Derry and Toms site and which was partly owned by Perkins, and as a cash generator to offset cash hungry property development projects. Both of these roles have now expired, and the retailing chain is being shifted to a more natural home at Burton Group. But though the deal is clearly logical in a trading sense, the financial implications are more obscure. Tax considerations appear to have played a part in the shape of the financial package, which comprises an assorted property portfolio, cash, a big £3.3m dividend being stripped out of Perkins by British Land, and the transfer of a loan.




Immediately, the deal adds a few pence a share to British Land's net worth. Exactly how much depends on the true value of the property being transferred at a book value of £10.5m. Burton does not accept that they are currently worth more, but agrees that a property company might be able to make more out of them (they include office blocks which are not fully let). As for British Land, it hopes to get rents up from £0.8m to £1.4m in three years, in which case the portfolio would be worth £22m.

The short term impact on Burton is unlikely to be significant. The revenue cost of the deal in terms of interest and forgone property rentals is about £1.5m in a full year, which is less than Perkins made in 1978-79. Not surprisingly, however, the disposal by British Land coincides with a sticky patch—the deal was being finalised just as Marks and Spencer was announcing its price cuts—and a lot depends on whether business picks up in the key pre-Christmas selling season.

Nevertheless Dorothy Perkins is a high quality business, and will allow Burton to achieve its ambition of greater penetration of the womenswear trade: in the financial year which has just begun its womenswear and menswear sales will be roughly equal. Perkins slotting in above Top Shop in market terms. The plan is to rationalise transport and marketing, and look closely at around 40 marginal shops.

### Linfood Holdings

Linfood Holdings has managed to improve its margins considerably in the second half of the year to April, producing pre-tax profits of £7.6m, right at the top end of expectations. This compares with the £5.2m struck in 1977/78, before the acquisition of Wheatsheaf, which more than doubled group sales o £532m. Pre-tax margins have risen from 0.7 per cent in the first half to 1.1 per cent in the second, and have been maintained at the higher levels during the first few months of the current year.

Some of the improvement reflects greater operating efficiency gained as Wheatsheaf is integrated with the original businesses. The hypermarket business Carrefour is now making money, and Linfood seems to have suffered little damage, on balance, from the severe winter—what it lost at the hypermarkets it made up at the corner shops. In addition, the food price war appears to have abated significantly.

Although the latest figures are promising, Linfood could still be vulnerable to a resumption of price-cutting by the major supermarket chains, or to an excessive rise in wagecosts. The shares, up 1p yesterday to 170p, have outperformed the market strongly over the summer and are already discounting a considerable recovery in profits; the p/e of 9 on reported earnings rises to 16 on a full tax charge if the convertible is taken into account. The gross dividend is virtually unchanged, but the 8½ per cent yield is a useful support.

### Investment abroad

For the first time in six years, UK private investors were heavy net buyers of foreign currency portfolio investments in 1978. Led by the rush into Wall Street in the early summer, investors increased their foreign currency holdings by £466m over the 12 months, in marked contrast to the two preceding years when there was an overall decrease of £600m.

But to judge by the Pink Book, published yesterday, the recent track record of UK fund managers in overseas markets is dismal. The peak year for overseas purchases—£534m in 1972—also marked a high point for Wall Street and many of the other international stock markets. Wall Street bottomed out in 1974—a period of relative stability for sterling—yet instead of rushing out to buy, the transactions of UK investors brought a record cash flow of £750m back home that year. After this kind of experience, the cautious response of most fund managers to the recent relaxation in exchange controls should come as no surprise.

One organisation that has more cause to welcome the move towards a more international trading environment is the Stock Exchange. Its net overseas earnings are shown in the Pink Book to have stagnated for the last five years, a period in which the foreign earnings of UK financial institutions as a whole have nearly trebled. In 1978, the Stock Exchange brought in a paltry £21m: for perspective, that is less than half the overseas earnings of solicitors.

### Reardon Smith

Armed with evidence of a recent improvement in trading conditions, Reardon Smith Line is negotiating with its bankers for an extension of the loan moratorium (which at present expires in November) to the end of 1980. Presumably the bankers will be given a rather clearer and more up-to-date balance sheet than the one now sent out to shareholders, in which two vessels (since sold) have been written down, another (the largest in the fleet, the Welsh City) has been written up after being written down last time, and all the rest are in at historical cost less depreciation.

Adjusting for the two ships sold, the book value of the fleet as at March 31 appears to be some £23.5m. But the chairman hints that the market value is now twice the outstanding level of shipbuilding loans, of £16.3m. At any rate, Reardon Smith appears to be confident that its bankers will not force it to make any more sales. But if the moratorium is necessary, dividend prospects must be bleak.

## Weather

UK TODAY

MAINLY dry and cloudy.

**London, S., E., Central and N.E. England, Midlands, Borders**
Cloudy, with bright intervals. Max. 20C (68F).

**Channel Is., W. England, Wales, Lakes, Isle of Man**
Cloudy, drizzle in places. Max. 18C (64F).

**S.W. Scotland, Glasgow, Ulster**
Mainly dry and cloudy. Max. 17C (63F).

**Rest of Scotland**
Cloudy, rain in places. Max. 17C (63F).

**Outlook:** Dry and warm, becoming cooler with some rain.

WORLDWIDE

| | | Y'day midday °C | °F | | | Y'day midday °C | °F |
|---|---|---|---|---|---|---|---|
| Ajaccio | F | 14 | 57 | I.o.Man | R | 15 | 59 |
| Algiers | S | 28 | 82 | Istanbul | F | 24 | 76 |
| Amsdm. | R | 14 | 57 | Jersey | C | 17 | 63 |
| Athens | S | 28 | 82 | L. Plms. | S | 24 | 75 |
| Barclna. | S | 26 | 79 | Lisbon | S | 28 | 82 |
| Beirut | S | 28 | 84 | Locarno | R | 18 | 64 |
| Belfast | R | 14 | 57 | London | C | 17 | 63 |
| Belgrd. | S | 27 | 81 | Luxmbg. | C | 16 | 61 |
| Berlin | C | 19 | 66 | Madrid | S | 29 | 84 |
| Biarritz | C | 22 | 72 | Majorca | S | 28 | 82 |
| Brghm. | C | 17 | 63 | Malaga | S | 27 | 81 |
| Blackpl. | F | 16 | 61 | Malta | S | 27 | 81 |
| Bordx. | F | 23 | 73 | M'chstr | R | 15 | 59 |
| Boulgn. | C | 16 | 61 | Milan | R | 21 | 70 |
| Bristol | C | 16 | 61 | Munich | R | 14 | 57 |
| Brussels | R | 15 | 59 | Naples | S | 25 | 77 |
| Budpst. | S | 27 | 81 | Nwcstl. | C | 17 | 63 |
| Cardiff | R | 15 | 59 | Nice | C | 21 | 70 |
| Cas'b'ca | F | 25 | 77 | Nicosia | S | 28 | 82 |
| Cologne | C | 18 | 64 | Oporto | S | 27 | 81 |
| Cpnhgn. | C | 17 | 63 | Oslo | F | 19 | 66 |
| Corfu | S | 28 | 82 | Paris | C | 19 | 66 |
| Dublin | C | 15 | 59 | Prague | C | 18 | 64 |
| Dbrvnk. | S | 24 | 75 | Reyklvk. | C | 6 | 43 |
| Ednbgh. | F | 18 | 64 | Rhodes | S | 26 | 79 |
| Faro | S | 28 | 82 | Rome | S | 27 | 81 |
| Florence | F | 26 | 79 | Salzbrg. | C | 20 | 68 |
| Frankft. | C | 20 | 68 | Stckhm. | S | 19 | 66 |
| Funchal | S | 25 | 77 | Strasbg. | F | 22 | 72 |
| Geneva | S | 19 | 66 | Tangier | S | 29 | 84 |
| Gibraltr. | S | 25 | 77 | Tel Aviv | S | 28 | 82 |
| Glasgow | F | 17 | 63 | Valencia | F | 26 | 79 |
| G'msey | C | 17 | 63 | Venice | S | 24 | 75 |
| Helsinki | R | 14 | 57 | Vienna | S | 26 | 79 |
| Innsbrk. | R | 17 | 63 | Warsaw | S | 26 | 79 |
| Invrnss. | C | 16 | 61 | Zurich | C | 19 | 66 |

C-Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.

# Crawford will

SIR FREDERICK CRAWFORD, of Geneva, Switzerland, Governor of Uganda 1956-1961, who died on May 27 in Cape Town, aged 72, left estate in England and Wales valued at £20,522.



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هكذا من الأصل